

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

In the matter of the application of

**CDB INVESTMENTS, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

**CONDITIONAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM**

FILE NO.: 169256LA-F00/C00

ISSUED: JANUARY 31, 2022

EXPIRES: JULY 30, 2022

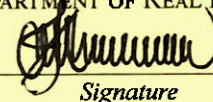
for a Conditional Subdivision Public Report on

TRACT NO. 19110

"AZALEA" - PHASE 8

DEPARTMENT OF REAL ESTATE

by


Signature

MARTHA N. TCHOUA

Printed Name

ORANGE COUNTY, CALIFORNIA

CONSUMER INFORMATION

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

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

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

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

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

**COMMON INTEREST DEVELOPMENT
GENERAL INFORMATION**

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

THIS CONDITIONAL SUBDIVISION PUBLIC REPORT IS ISSUED TO CDB INVESTMENTS, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("SUBDIVIDER" OR "MERCHANT BUILDER") AND COVERS ONLY PHASE EIGHT (8) OF AZALEA (THE "PROJECT"/ "SUBDIVISION") WHICH CONSISTS OF "RESIDENTIAL UNITS" 65 THROUGH 70, INCLUSIVE, AND CERTAIN "NEIGHBORHOOD ASSOCIATION PROPERTY," "COMMON AREA," "NEIGHBORHOOD MAINTENANCE AREA," (AS MORE FULLY DEFINED AND DESCRIBED BELOW) ALL LOCATED ON LOT 6 OF TRACT 19110.

PARAGRAPHS OF SPECIAL INTEREST IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPH(S) BELOW ENTITLED: CONDITIONAL SUBDIVISION PUBLIC REPORT, EASEMENTS, MANAGEMENT AND OPERATION EXPENSES FOR BOTH THE MASTER ASSOCIATION AND THE NEIGHBORHOOD ASSOCIATION, SOILS AND GEOLOGIC CONDITIONS, LAND USES AND HAZARDS, AND TAXES AND ASSESSMENTS.

NOTE: IN ADDITION TO THESE PARAGRAPHS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING PORTIONS OF THIS CONDITIONAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE. The California Department of Real Estate ("**DRE**") reviews certain provisions of your purchase agreement and escrow instructions ("**PURCHASE CONTRACT**") which relate to compliance with Business and Professions Code Section 11000 et seq., and other related code sections. You are advised to consult with your professional advisor for a full understanding of all of the terms of your Purchase Contract and all other purchase documents.

Buyer understands that the Purchase Contract includes a disclaimer of Warranties as follows;

"14.2 EXCLUSIVE WARRANTY. BUYER UNDERSTANDS AND AGREES THAT THE NEW HOME LIMITED WARRANTY ISSUED TO BUYER AS PROVIDED IN THIS AGREEMENT (WHICH INCLUDES THE STATUTORY ONE YEAR FIT AND FINISH LIMITED WARRANTY PURSUANT TO SECTION 900 OF THE CALIFORNIA CIVIL CODE) IS THE ONLY WARRANTY, EXPRESS OR IMPLIED, MADE BY SELLER WITH REGARD TO THE PROPERTY.

TO THE FULLEST EXTENT PERMITTED BY LAW, THE NEW HOME LIMITED WARRANTY IS THE ONLY WARRANTY THAT APPLIES AND GOVERNS BUYER AND SELLER'S RIGHTS AND OBLIGATIONS RELATED TO THE PROPERTY. SPECIFICALLY, SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, SUCH AS AN IMPLIED WARRANTY OF QUALITY, FITNESS FOR USE OR PARTICULAR PURPOSE, HABITABILITY OR MERCHANTABILITY. BUYER IS ENTITLED TO (AND NOTHING IN THIS PARAGRAPH 14.2 REDUCES) ANY WARRANTY COVERAGE PROVIDED BY LAW THAT MAY NOT BY LAW BE DISCLAIMED BY SELLER OR REDUCED BY THE NEW HOME LIMITED WARRANTY. IF AN ARBITRATOR OR REFEREE DETERMINES THAT AN IMPLIED WARRANTY CANNOT BE DISCLAIMED BY SELLER OR REDUCED BY THE NEW HOME LIMITED WARRANTY, THEN THE SPECIFIC TERM IN THE NEW HOME LIMITED WARRANTY THAT CONFLICTS WITH THE IMPLIED WARRANTY TERM WILL NOT APPLY, BUT ALL OTHER TERMS WILL REMAIN APPLICABLE TO THE FULLEST EXTENT PERMITTED BY LAW."

THE TERM "PUBLIC REPORT" AS USED HEREIN SHALL MEAN AND REFER TO THIS CONDITIONAL SUBDIVISION PUBLIC REPORT.

BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL PURCHASE DOCUMENTS AND, IF APPLICABLE, ALL LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF ANY OF THESE DOCUMENTS, YOU MAY WISH TO CONSIDER CONSULTING WITH YOUR OWN ATTORNEY.

CONDITIONAL SUBDIVISION PUBLIC REPORT

THIS IS NOT A FINAL SUBDIVISION PUBLIC REPORT ("FINAL SUBDIVISION PUBLIC REPORT") THIS IS WHAT IS KNOWN AS A CONDITIONAL SUBDIVISION PUBLIC REPORT ("CONDITIONAL PUBLIC REPORT"). THIS IS CONSIDERED A "CONDITIONAL" PUBLIC REPORT BECAUSE THE SUBDIVIDER HAS NOT YET SATISFIED ALL OF THE CONDITIONS NECESSARY FOR THE ISSUANCE OF A "FINAL" SUBDIVISION PUBLIC REPORT. UNTIL ISSUANCE OF THE FINAL SUBDIVISION 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 PROJECT COVERED BY THIS CONDITIONAL PUBLIC REPORT. THE SUBDIVIDER MAY, HOWEVER, ENTER INTO A BINDING AGREEMENT WITH YOU FOR THE PURCHASE OR LEASE OF A CONDOMINIUM IN THE PROJECT 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 CONTRACT FOR THE RETURN OF THE ENTIRE SUM OF MONEY PAID OR ADVANCED ("PURCHASE MONEY") BY YOU IF A FINAL SUBDIVISION PUBLIC REPORT HAS NOT BEEN ISSUED DURING THE TERM OF THIS CONDITIONAL PUBLIC REPORT WHICH MAY BE EXTENDED FOR AN ADDITIONAL SIX MONTH TERM.

(C) PROVISION IS MADE IN THE PURCHASE CONTRACT FOR THE RETURN TO YOU OF THE PURCHASE MONEY IF YOU ARE DISSATISFIED WITH THE FINAL SUBDIVISION PUBLIC REPORT BECAUSE OF A MATERIAL CHANGE IN THE SETUP OF THE OFFERING. (REFER TO BUSINESS AND 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 SUBDIVISION PUBLIC REPORT.

BEFORE ENTERING INTO A PURCHASE CONTRACT UNDER THE AUTHORITY OF THIS CONDITIONAL PUBLIC REPORT, YOU SHOULD REVIEW THE PURCHASE 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, YOU MAY BE OBLIGATED UNDER THE PURCHASE CONTRACT TO KEEP AN ADEQUATE LOAN COMMITMENT IN EFFECT UNTIL THE FINAL SUBDIVISION 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 PURCHASE CONTRACT AS YOUR DESIRE AND ABILITY TO COMPLETE THE PURCHASE MAY CHANGE. AS PREVIOUSLY NOTED, THE DRE HAS REVIEWED ONLY CERTAIN PROVISIONS OF THE PURCHASE CONTRACT FORM BUT HAS NOT REVIEWED ANY ARRANGEMENTS YOU MAY ENTER INTO WITH A PURCHASE MONEY LENDER IF REQUIRING A LOAN TO PURCHASE THE PROPERTY. YOU SHOULD CAREFULLY REVIEW YOUR ARRANGEMENTS WITH THE LENDER.

THE INITIAL TERM OF THIS CONDITIONAL PUBLIC REPORT IS SIX MONTHS. WHEN THE CONDITIONAL PUBLIC REPORT EXPIRES, YOU MAY WISH TO CONSIDER CONTACTING THE SUBDIVIDER TO DISCUSS THE STATUS OF

YOUR PURCHASE CONTRACT, SINCE A CONDITIONAL PUBLIC REPORT MAY BE RENEWED FOR ONLY ONE ADDITIONAL SIX MONTH TERM.

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

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

- SUBDIVIDER ACQUIRES TITLE TO THE PROPERTY WHICH IS SUBJECT TO THIS CONDITIONAL SUBDIVISION PUBLIC REPORT;
- CONDOMINIUM PLAN FOR THIS PHASE WILL BE RECORDED BY THE SUBDIVIDER;
- DECLARATION OF ANNEXATION TO AZALEA FOR THIS PHASE WILL BE RECORDED BY THE SUBDIVIDER;
- THE NOTICE OF ANNEXATION TO CYPRESS VILLAGE FOR THE RESIDENTIAL UNITS IN THIS PHASE WILL BE RECORDED BY THE SUBDIVIDER;
- SUBDIVIDER WILL DEPOSIT INTO ESCROW A BOND TO ASSURE PAYMENT OF ASSESSMENTS FOR THE UNSOLD UNITS TO THE NEIGHBORHOOD ASSOCIATION AND THE MASTER ASSOCIATION;
- THE SUBDIVIDER WILL DEPOSIT INTO ESCROW THE COMMON AREA GRANT DEED AND IRREVOCABLE ESCROW INSTRUCTIONS TO CONVEY THE NEIGHBORHOOD ASSOCIATION PROPERTY IN THIS PHASE TO THE NEIGHBORHOOD ASSOCIATION WHICH WILL BE RECORDED UPON THE FIRST CLOSE OF ESCROW IN PHASE 8 FOR THE NEIGHBORHOOD ASSOCIATION;
- A CURRENT PRELIMINARY REPORT OF A LICENSED TITLE INSURANCE COMPANY ISSUED AFTER RECORDING OF THE ABOVE REFERENCED DOCUMENTS COVERING ALL SUBDIVISION INTERESTS TO BE INCLUDED IN THE PUBLIC REPORT HAS BEEN ISSUED.
- SUBDIVIDER WILL RECORD SUBORDINATION FOR ANY DEEDS OF TRUST PRIOR TO THE FIRST CLOSE OF ESCROW. (IF APPLICABLE)

PRELIMINARY SUBDIVISION PUBLIC REPORT

IF YOU HAVE RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT, YOU ARE ADVISED TO CAREFULLY READ THIS CONDITIONAL SUBDIVISION PUBLIC REPORT SINCE IT CONTAINS ADDITIONAL INFORMATION AND IS MORE CURRENT THAN THAT INCLUDED IN THE PRELIMINARY SUBDIVISION PUBLIC REPORT.

OVERVIEW OF THIS PHASE, AZALEA AND CYPRESS VILLAGE

Location: The Project is located at Ridge Valley and Great Park Boulevard within the City of Irvine, County of Orange. You should acquaint yourself with the kinds of city services available.

Type of Subdivision: The Project is a common interest development of the type referred to as a condominium and is being developed by the Subdivider. There is no assurance that the Project will be developed or completed as proposed, and the Subdivider and/or the Master Developer reserves the right to modify its development plan for the Project, including but not limited to changing product types or increasing or decreasing the number of dwelling units within the Project, subject to applicable governmental approvals.

The Project is operated by and subject to the jurisdiction of an incorporated homeowners association commonly known as the "Azalea Neighborhood Association," a California nonprofit mutual benefit corporation (the "**Neighborhood Association**"). The Neighborhood Association will own, manage and maintain the Neighborhood Association Property and may also maintain, but not own the Neighborhood Maintenance Areas as more fully set forth in the Supplemental Declaration of Covenants, Conditions and Restrictions, Reservation of Easements and Alternative Dispute Resolution Procedures for Azalea ("**Neighborhood Declaration**").

Cypress Village Master Planned Community. The Project is being developed as part of that certain residential master planned community commonly known as the Cypress Village Master Planned Community "Cypress Village". Cypress Village is a common-interest subdivision of the type referred to as a "Planned Development" and includes single family detached homes and attached and detached condominiums. Cypress Village is being developed by Irvine Community Development Company LLC, a Delaware limited liability Company ("**Master Developer**") and may include various Merchant Builders, including the Subdivider. The Master Developer advises that if completed as proposed, Cypress Village will be developed in a series of phases over a period of several years and includes, or is planned to include, single family detached homes, attached and detached condominiums and apartments, affordable housing, public elementary and middle schools, commercial and mixed use improvements, public and private streets, a number of private neighborhood parks, two public parks and other improvements. There is no assurance that Cypress Village will be developed or completed as proposed, and the Master Developer reserves the right to modify its development plan for Cypress Village, including but not limited to changing product types or increasing or decreasing the number of dwelling units within the community, subject to applicable governmental approvals. For purposes of reference in this Conditional Subdivision Public Report, the portion of Cypress Village between Jeffrey Road, Trabuco Road, Sand Canyon Avenue and the I-5 Freeway is referred to as "**Enclave 1**," the portion of Cypress Village between Great Park Boulevard (formerly Trabuco Road), the I-5 Freeway, Sand Canyon Avenue and SR-133 is referred to as "**Enclave 2**," and the portion of Cypress Village between Great Park Boulevard, Ridge Valley, Marine Way and SR-133 is referred to as "**Enclave 3**." The portion of Enclave 3 that is gated and located southerly of Pinehurst is referred to herein as the "**Gated Area**."

All portions of Cypress Village outside of the Gated Area are subject to the jurisdiction of the Cypress Village Community Association, a California nonprofit mutual benefit corporation (the "**Master Association**"). (The Gated Area has its own separate homeowners association that is referred to herein as the "**Gated Area Association**.".) The Master Association owns, manages and maintains certain property (including, but not limited to, private parks, landscaped slopes, parkways, and various private streets) (collectively the "**Master Association Property**") and also maintains but does not own certain property (the "**Master Maintenance Areas**") as set forth in the Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Cypress Village recorded in the Orange County Official Records on June 27, 2013 as Instrument No. 2013000388217 (the "**Master Declaration**"). All residents of Cypress Village outside of the apartment communities, the affordable housing units, and the Gated Area are members of the Master Association and have the right to use those portions of the Master Association Property that are intended for their use and enjoyment in the Master Declaration. Certain portions of the Master Association Property (for example, landscaped parkways) are not intended for recreational use.

The owners in the Project will be subject to both the Neighborhood Association and the Master Association.

Interests to Be Conveyed: When you purchase a Condominium in the Project, you will receive fee title to a specified Condominium Unit, an undivided interest as a tenant in common in the Common Area in this Phase, various easements (exclusive and/or nonexclusive) appurtenant to your Condominium Unit, together with a membership in the Neighborhood Association and in the Master Association, and the rights to use the Neighborhood Association Property and the Master Association Property. The Common Area in this Phase consists solely of a volume of air space which is shown and described on the Condominium Plan to be recorded on this Phase.

About This Phase of the Project: This is the **eighth (8th)** Phase of the Project consisting of approximately **.24** acres on which **one (1)** building containing **six (6)** Residential Units (Including Garages) are located.

Neighborhood Association Property consisting of landscaping, private streets and drives, walkways, fences, walls and lighting, will be constructed on Lot 6 as shown on the Condominium Plan to be recorded for this Phase of the Project and as shown on the Subdivision Map for Tract 19110.

This Phase is also subject to a Declaration Establishing Access Easement Rights, which will provide temporary access to Owners within this Project until such time as the private streets are annexed into and conveyed to the Neighborhood Association, at which point Owners will have access pursuant to the easement established in the Declaration.

As currently planned the Project will be developed in approximately ten (10) phases and may consist of approximately eighty-three (83) Residential Units located within Tract 19110. The Subdivider and/or the Master Developer have the right, but are not obligated, to annex any or all of the Annexable Property as described in the Neighborhood Declaration.

THERE IS NO ASSURANCE THAT THIS PHASE, THE PROJECT OR CYPRESS VILLAGE WILL BE COMPLETED AS PROPOSED. ANY FUTURE DEVELOPMENT OF THE PROJECT AND CYPRESS VILLAGE CANNOT BE PREDICTED WITH ACCURACY. THE SUBDIVIDER AND/OR THE MASTER DEVELOPER MAY BUILD MORE OR FEWER THAN THE NUMBER OF RESIDENCES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF RESIDENCES AND HOMESITES, 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 PROJECT OR CYPRESS VILLAGE WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR DEVELOPMENT SCHEDULE. TOPOGRAPHICAL MAPS IN THE SALES OFFICE, LOT PLOTTING MAPS, MAPS OFFERED BY SUBDIVIDER AND OTHER FORMS SHOWING "COMPLETE" PROJECTIONS DO NOT NECESSARILY COMMIT THE SUBDIVIDER AND/OR THE MASTER DEVELOPER TO COMPLETE THE PROJECT AND CYPRESS VILLAGE OR, IF COMPLETED, TO COMPLETE THE PROJECT AND CYPRESS VILLAGE AS SHOWN. THE SUBDIVIDER MAY SELL ALL OR ANY PORTION OF THE PROJECT AT ANY TIME, TO ANY THIRD PARTY, INCLUDING OTHER SUBDIVIDERS.

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

Subdivider and Purchaser Obligations: IF YOU PURCHASE FIVE OR MORE RESIDENTIAL UNITS FROM THE SUBDIVIDER, 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 SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

Completion of the Neighborhood Association Property:

Neighborhood Association Property in this Phase. The Subdivider has indicated that all Neighborhood Association Property and Neighborhood Maintenance Area in this Phase of the Project may not be completed by the close of the first sale escrow in this Phase. As currently planned the Neighborhood Association Property and Neighborhood Maintenance Areas in this phase are anticipated to be completed by **June 2023**.

No escrows will close in this Phase until completion of all Neighborhood Association Property, Neighborhood Maintenance Areas, improvements or, as an alternative, the Subdivider has placed into a neutral escrow depository a bond or other security under the provisions of Section 11018.5 of the Business and Professions Code in an amount acceptable to the DRE to assure lien free completion of all Neighborhood Association Property and the Neighborhood Maintenance Areas in this Phase of the Project. In order for the DRE to determine that the security amount is acceptable, the Subdivider has agreed to submit to the DRE sufficient documentation for review which verifies the adequacy of the security amount to complete the applicable Neighborhood Association Property and Neighborhood Maintenance Areas at least 45 days before the Subdivider intends to close sales escrows in this Phase of the Project.

Right of Inspection: NOTWITHSTANDING ANY PROVISION IN THE PURCHASE CONTRACT TO THE CONTRARY, YOU, AS A PROSPECTIVE PURCHASER, HAVE THE RIGHT TO NEGOTIATE WITH THE SUBDIVIDER TO ALLOW AN INSPECTION OF THE PROPERTY BY YOU OR YOUR DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO YOU AND THE SUBDIVIDER.

MANAGEMENT AND OPERATION

Governing Documents. The Neighborhood Association, of which you become a member at time of close of escrow, governs, manages, maintains, and operates the Project in accordance with the Neighborhood Declaration, the Articles of Incorporation of the Neighborhood Association, (the "**Articles**"), and the Neighborhood Association Bylaws (the "**Bylaws**"). In addition, the Neighborhood Association has the right to adopt rules and regulations and guidelines for the Project which may include design/architectural guidelines which will set forth the guidelines and procedures for design/architectural review within the Project. Additionally, a Declaration of Annexation ("**Declaration of Annexation**") will be or have been recorded on each subsequent Phase of the Project for the purpose of annexing such Phase into the Project. A Declaration of Annexation may include additional restrictions and easements covering the Phase subject to the Declaration of Annexation.

Residents who buy residence outside of the apartment communities, affordable housing units and Gated Area, will become a member of the Master Association at time of close of escrow. The Master Association governs, manages, maintains, and operates itself in accordance with the Master Declaration, the Articles of Incorporation of the Master Association, (the "**Master Articles**"), and the Bylaws of the Master Association (the "**Master Bylaws**"). Additionally, a Notice of Annexation to Cypress Village ("**Master Notice of Annexation**") will be, or have been, recorded on each subsequent Phase of Cypress Village for the purpose of annexing such Phase into the Master Association. A Master Notice of Annexation may include additional restrictions and easements covering the Phase subject to the Master Notice of Annexation. Also, under California law, the board of directors of the Master Association has the right (subject to compliance with certain procedures) to adopt rules and regulations that generally apply to the management and operation of Cypress Village or the conduct of the business and affairs of the Master Association. Additionally, under the Master Declaration, the board of directors may

amend (i) the Design Guidelines (i.e., the architectural standards, landscape standards, guidelines, procedures and criteria which regulate proposed improvements by an Owner to his Lot or Condominium) which were initially established by the Master Developer, and (ii) the Maintenance Guidelines (i.e., general guidelines regarding the ordinary and necessary maintenance, repair, replacement and/or restoration of the Master Association Property and Maintenance Areas) which were initially established by the Master Developer.

The Neighborhood Declaration, Bylaws, Articles, Declaration of Annexation, Master Declaration, Master Bylaws, Master Articles, Master Notices of Annexation, rules and regulations, Design Guidelines and Maintenance Guidelines, as such documents may be re-recorded, restated, amended or otherwise modified from time to time, as applicable, are hereinafter referred to as the "**Governing Documents**". Buyers of residences outside of the Gated Areas should review each of these documents carefully.

IF YOU WANT TO MAKE IMPROVEMENTS TO YOUR CONDOMINIUM, THE SUBDIVIDER ADVISES THAT THERE MAY BE A CHARGE ASSOCIATED WITH THE REVIEW OF THE PLANS AND SPECIFICATIONS FOR SUCH IMPROVEMENTS BY THE NEIGHBORHOOD ASSOCIATION AND/OR THE MASTER ASSOCIATION AND THAT CERTAIN MODIFICATIONS WILL NOT BE ALLOWED. IN ADDITION, SUBDIVIDER ADVISES THAT THERE MAY BE A CHARGE TO OBTAIN A COPY OF THE NEIGHBORHOOD ASSOCIATION'S AND/OR THE MASTER ASSOCIATION DESIGN GUIDELINES FROM THE MANAGEMENT COMPANY.

The Declarations: The Project is subject to the following Declarations and any re-recording's, restatements, amendments and supplements thereto recorded in the Office of the Orange County Recorder:

Neighborhood Declaration: This Phase of the Project is subject to the Neighborhood Declaration recorded on **August 31, 2021** as Instrument Number **2021000547595**, and a Declaration of Annexation to be recorded in the Office of the Orange County Recorder. Amendments to these documents may also be recorded.

Master Declaration: This Phase of the Project will be subject to the Master Declaration recorded on **June 27, 2013** as Instrument No. **2013000388217** and a Master Notice of Annexation to be recorded in the Official Records of Orange County, California. Amendments to these documents may also be recorded.

Class C Membership in the Master Association. As more fully set forth in the Master Declaration, the Class C Member is the Master Developer. The Class C Membership is not part of the voting power of the Master Association, and Master Developer is not entitled to exercise any Class C vote except for the purpose of electing a majority of the members of the Board until the first to occur of the following events:

When seventy five percent (75%) of the estimated total number of Dwellings (excluding Apartments) in the overall Cypress Village Community (previously estimated to be approximately one thousand six hundred twenty-four [1,624] Dwellings x 75% equals approximately one thousand two hundred eighteen [1,218] Dwellings) have been conveyed to owners (these numbers are based on information contained in the Master Declaration); however, as provided in Article IV of the Master Declaration, after the Master Developer or a Merchant Builder annexes any portion of the Annexable Property designated in the Master Declaration as the "Expansion Area" into the Cypress Village Community, the foregoing estimate shall be adjusted based on the increased number of Dwellings annexed into the Community. The Expansion Area includes Enclave 3. Therefore, upon annexation of Enclave 3 into the Cypress Village Community, the above calculation will change because the total number of Dwellings will increase from the original estimate of one thousand six hundred twenty-four [1,624] Dwellings to approximately two thousand eighty-three [2,083] Dwellings, and 75% of this increased number of Dwellings equals approximately one thousand five hundred sixty-two [1,562] Dwellings.

The fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium Unit pursuant to the original issuance by the DRE of the most recently issued Public Report for a Phase of Cypress Village; or

The twenty-fifth (25th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium Unit pursuant to a Public Report issued by the DRE for the first Phase of Cypress Village.

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

TO QUALIFY FOR FINANCING ACCEPTABLE FOR ACQUISITION BY, FEDERAL NATIONAL MORTGAGE ASSOCIATION ("**FNMA**"), FEDERAL HOME LOAN MORTGAGE CORPORATION ("**FHLMC**" OR "**FREDDIE MAC**"), VETERANS ADMINISTRATION ("**VA**") OR THE FEDERAL HOUSING ADMINISTRATION ("**FHA**"), IT HAS BEEN NECESSARY FOR THE SUBDIVIDER TO INCORPORATE INTO THE MASTER DECLARATION AND NEIGHBORHOOD DECLARATION AND OTHER GOVERNING DOCUMENTS, PROVISIONS WHICH GIVE MORTGAGE LENDERS FOR THE INDIVIDUAL RESIDENCES A VOICE IN THE AFFAIRS OF THE MASTER ASSOCIATION, THE NEIGHBORHOOD ASSOCIATION AND IN THE MANAGEMENT AND OPERATION OF THE PROJECT WHICH LENDERS DO NOT ORDINARILY HAVE.

Initial Meeting of the Neighborhood Association: Since the Neighborhood Association will manage the Project and maintain the Neighborhood Association Property and the Neighborhood Maintenance Areas, it is essential that the Neighborhood Association be formed early and properly. The Neighborhood Association must hold the first membership meeting and election of the Neighborhood Association's governing body within six months after the closing of the sale of the first subdivision interest under a Final Subdivision Public Report for the Project. In no event, however, shall the meeting be held later than six months after the closing of the sale of the first subdivision interest. (Regulations 2792.17 and 2792.19) Thereafter, the Neighborhood Association must hold elections of the Neighborhood Association's governing body in accordance with the Governing Documents. The Neighborhood Association must also prepare and distribute to all homeowners an annual budget report which includes, among other things a proforma operating budget and a summary of the Neighborhood Association's reserves based upon the most recent review or study conducted pursuant to Section 5500 of the California Civil Code.

Existing Master Association: The Master Association has been formed and the Master Association's governing body has been elected pursuant to the terms and provisions of Governing Documents which include, but are not limited to, provisions for the governance, management, maintenance and operation of the Master Association Property and Master Maintenance Areas. Additionally, to the extent available, the Master Association must also prepare and distribute to all homeowners an annual budget report, which includes, among other things a proforma operating budget and a summary of the Master Association's reserves based upon the most recent review or study conducted pursuant to Section 5500 of the California Civil Code.

Documentation to Be Furnished: The Subdivider is required to make a copy of the Governing Documents, for both the Project and Cypress Village, available to you for examination before execution of an offer to purchase a Condominium. A copy of the Governing Documents must also be given to you as soon as practicable before close of escrow. (Business and Professions Code Section 11018.6). These documents contain numerous material provisions that substantially affect and control your rights, privileges, use, obligations, and costs of maintenance and operation of the Project and Cypress Village. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A CONDOMINIUM.

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

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

Either the Master Developer or the Subdivider (or both) stated that the current Board of Directors of the Neighborhood Association, the Master Association and each individual purchaser will be furnished with the DRE reviewed Neighborhood Association budget and the Master Association budget as described below under the section entitled "*MAINTENANCE AND OPERATIONAL EXPENSES.*"

The Subdivider also stated that each individual purchaser will be furnished with a copy of the recorded condominium plan for this Phase.

The Subdivider must maintain and deliver to the Neighborhood Association and 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 Neighborhood Association and 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.)

MAINTENANCE AND OPERATIONAL EXPENSES

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

Neighborhood Budgets. The Subdivider has submitted budgets for the management, maintenance and operation of the Neighborhood Association obligations and for long-term reserves when the Project is substantially completed (built-out budget) and interim budgets applicable to the phases. These budgets were reviewed by the DRE in **July 2021**. You should obtain copies of these budgets from the Subdivider. As the Project is developed and additional phases become subject to assessment, the amount of the Monthly installments of Regular Assessments in existing phases may increase or decrease depending upon, among other things, the number of Residential Units being annexed in such phase and whether any additional common area improvements are also being annexed as part of a phase. Increases and decreases are subject to the limitations in the Neighborhood Declaration or the Bylaws.

Under the interim budget for this Phase of the Project monthly Assessment per each Condominium will be **\$252.00**.

Under the built-out budget, the monthly Assessment against each Condominium is currently estimated to be **\$252.00**. The Neighborhood Association may or may not elect to use this budget when additional phases are annexed. Of these amounts, the contributions toward long-term reserves that are not to be used to pay for current management, maintenance and operating expenses are **\$120.32** for the built-out budget and **\$108.21**, for the interim budget respectively.

The budgets submitted by the Subdivider are based on information available at the time of the preparation. It is anticipated that assessments under the interim budget for each Phase should be sufficient for proper management, maintenance and operation the Project as developed through that Phase.

THE NEIGHBORHOOD ASSOCIATION MUST ADOPT A PROFORMA OPERATING BUDGET PURSUANT TO CALIFORNIA CIVIL CODE SECTION 5300, HOWEVER, THE NEIGHBORHOOD ASSOCIATION IS NOT OBLIGATED TO AND MAY OR MAY NOT ADOPT THE ABOVE-MENTIONED BUDGET(S) AS SUBMITTED BY THE SUBDIVIDER. THEREFORE, IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE MONTHLY ASSESSMENT AMOUNTS IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT, YOU ARE ADVISED TO CONTACT THE DRE BEFORE PROCEEDING WITH YOUR PURCHASE.

Exemptions from Neighborhood Association Monthly Installments of Regular Assessments: The Neighborhood Declaration provides that the Subdivider or other owner of an interest in the Project will be allowed to defer from payment, that portion of any assessment which is directly attributable to any structural improvement and/or common facility that is not complete at the time assessments commence. The amount of the deferment may be a fixed amount or may vary based upon dates of completion or use. Once the established criterion is met and the authority allowing the deferment is eliminated, all owners must pay the full amount of the Monthly Assessment as outlined herein. The limitations of this allowance are specifically set forth in the Neighborhood Declaration. (Regulation 2792.16c).

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

Master Association Budgets. The Master Developer has submitted budgets for the management, maintenance and operation of the Master Association's obligations and for long-term reserves when Cypress Village is substantially completed (built-out budget) and interim budgets applicable to the phases. These budgets were reviewed by DRE **August 2021**. You should obtain copies of these budgets from the Subdivider. As the Project is developed and additional phases become subject to assessment, the amount of the Monthly installments of Regular Assessments in existing phases may increase or decrease depending upon, among other things, the number of Residential Units being annexed in such phase and whether any additional common area improvements are also being annexed as part of a phase. Increases and decreases are subject to the limitations in the Master Declaration or the Bylaws.

Under the interim budget for this Phase of the Project monthly Assessment per each Condominium will be **\$134.45**.

Under the built-out budget, the monthly Assessment against each Condominium is currently estimated to be **\$134.46**. The Neighborhood Association may or may not elect to use this budget when additional phases are annexed. Of these amounts, the contributions toward long-term reserves that are not to be used to pay for current management, maintenance and operating expenses are **\$43.76** for the built-out budget and **\$44.01**, for the interim budget respectively.

The budgets submitted by the Master Developer are based on information available at the time of the preparation. It is anticipated that assessments under the interim budget for each Phase should be sufficient for proper management, maintenance and operation the Project as developed through that Phase.

THE MASTER ASSOCIATION MUST ADOPT A PROFORMA OPERATING BUDGET PURSUANT TO CALIFORNIA CIVIL CODE SECTION 5300, HOWEVER, THE MASTER ASSOCIATION IS NOT OBLIGATED TO AND MAY OR MAY NOT ADOPT THE ABOVE-MENTIONED BUDGET(S) AS SUBMITTED BY THE MASTER DEVELOPER. THEREFORE, IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE MONTHLY ASSESSMENT AMOUNTS IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT, YOU ARE ADVISED TO CONTACT THE DRE BEFORE PROCEEDING WITH YOUR PURCHASE.

Abatement of Master Association Monthly Assessments: The Master Declaration provides that the monthly installment of Regular Assessments shall be abated and that the Master Developer, Subdivider and all owners of Lots and/or Condominiums in Cypress Village will be exempt from paying that portion of the Regular Assessment which is directly attributable to any Master Association Property or Master Maintenance Areas being annexed as part of a Phase but which are not complete at the time assessments commence for such phase. The amount of the abatement/exemption may be a fixed amount, or may vary based upon dates of completion or use. The abatement shall terminate upon the first to occur of the following: (i) recordation of a Notice of Completion that such Master Association Property or Master Maintenance Area is complete or (ii) the commencement of use of such Master Association Property or Master Maintenance Area. (Regulation 2792.16c).

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT FOR BOTH THE MASTER ASSOCIATION AND THE NEIGHBORHOOD ASSOCIATION ARE APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF THE IMPROVEMENTS AND WITH INCREASES IN THE COST OF LIVING, INCLUDING, BUT NOT LIMITED TO, COSTS ASSOCIATED WITH UTILITIES AND LABOR. YOU SHOULD BE AWARE OF THE POSSIBLE EFFECT THESE INCREASES MAY HAVE ON YOUR ABILITY TO PAY THESE ASSESSMENTS.

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

Assessment Increases/Decreases. Either or both the Master Association or the Neighborhood Association may increase or decrease Assessments at any time in accordance with the procedures prescribed in the Master Declaration and the Neighborhood Declaration, as applicable. In considering the advisability of a decrease (or a small increase) in Assessments, care should be taken to not eliminate amounts attributable to reserves for replacement or major maintenance.

Neighborhood Association and Master Association Financial Information Provided by Subdivider. In addition to other documentation provided to each prospective purchaser, pursuant to Business and Professions Code Section 11018.6, a copy of the current financial information and related statements for both the Master Association and the Neighborhood Association to the extent available, which includes an Assessment and Reserve Funding Disclosure Summary required by Civil Code Section 5300(b) and (e) and prepared in accordance with Civil Code Section 5565, as well as a statement concerning any delinquent assessments and related charges as provided by the Governing Documents

must be made available for examination by you before the execution of an offer to purchase a Condominium. A copy of this financial information must also be given to you as soon as practicable before close of escrow.

THE SUBDIVIDER AND/OR THE MASTER DEVELOPER MUST IMMEDIATELY NOTIFY THE DRE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION AND/OR THE NEIGHBORHOOD ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT MASTER ASSOCIATION AND/OR NEIGHBORHOOD BUDGET (REGULATION 2800K)

If the delinquency and funding disclosure provided to you indicates that delinquencies in the payment of monthly installment of Regular Assessments by owners within Cypress Village result in the receipt by the Master Association of income which is more than 10% less than the scheduled income from such monthly installments of Regular Assessments, you should contact the DRE before proceeding with your purchase.

Additionally, if the delinquency and funding disclosure provided to you indicates that delinquencies in the payment of monthly installment of Regular Assessment by owners within the Project result in the receipt of the Neighborhood Association of income which is more than 10% less than the scheduled income from such monthly installments of Regular Assessments you should contact the DRE before proceeding with your purchase.

NEIGHBORHOOD ASSOCIATION AND/OR MASTER ASSOCIATION ABILITY TO PERFORM. THE ABILITY OF THE MASTER ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES IS AFFECTED IF THE MONTHLY INSTALLMENT OF REGULAR ASSESSMENTS LEVIED BY THE MASTER ASSOCIATION PROVE INSUFFICIENT TO PROPERLY MAINTAIN, OPERATE, REPAIR OR REPLACE THE MASTER ASSOCIATION PROPERTY AND THE MASTER MAINTENANCE AREAS, AND/OR IF THERE IS A SIGNIFICANT AMOUNT OF DELINQUENCIES IN THE PAYMENT OF THE MONTHLY ASSESSMENT. THE RESULT MAY BE THAT THE MASTER ASSOCIATION MAY NEED TO INCREASE THE MONTHLY INSTALLMENT OF REGULAR ASSESSMENTS OR LEVY ONE OR MORE SPECIAL ASSESSMENTS AGAINST ALL LOTS AND CONDOMINIUMS IN CYPRESS VILLAGE IN ACCORDANCE WITH THE GOVERNING DOCUMENTS IN ORDER TO PROVIDE SUFFICIENT FUNDING OR, AS AN ALTERNATIVE, THE MASTER ASSOCIATION MAY DECIDE TO DEFER MAINTENANCE OR REDUCE MASTER ASSOCIATION SERVICES. SHOULD THIS OCCUR, IT MAY AFFECT YOUR DESIRE TO PURCHASE OR ABILITY TO OBTAIN FINANCING FOR THE PURCHASE OF YOUR CONDOMINIUM.

IN ADDITION, THE ABILITY OF THE NEIGHBORHOOD ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES IS AFFECTED IF THE MONTHLY INSTALLMENT OF REGULAR ASSESSMENTS LEVIED BY THE NEIGHBORHOOD ASSOCIATION PROVE INSUFFICIENT TO PROPERLY MAINTAIN, OPERATE, REPAIR OR REPLACE THE NEIGHBORHOOD ASSOCIATION PROPERTY AND THE NEIGHBORHOOD MAINTENANCE AREAS, AND/OR IF THERE IS A SIGNIFICANT AMOUNT OF DELINQUENCIES IN THE PAYMENT OF THE MONTHLY ASSESSMENT. THE RESULT MAY BE THAT THE NEIGHBORHOOD ASSOCIATION MAY NEED TO INCREASE THE MONTHLY INSTALLMENT OF REGULAR ASSESSMENTS OR LEVY ONE OR MORE SPECIAL ASSESSMENTS AGAINST ALL RESIDENTIAL UNITS IN THE PROJECT IN ACCORDANCE WITH THE GOVERNING DOCUMENTS IN ORDER TO PROVIDE SUFFICIENT FUNDING OR, AS AN ALTERNATIVE, THE NEIGHBORHOOD ASSOCIATION MAY DECIDE TO DEFER MAINTENANCE OR REDUCE NEIGHBORHOOD ASSOCIATION SERVICES. SHOULD THIS OCCUR, IT MAY AFFECT YOUR DESIRE TO PURCHASE OR ABILITY TO OBTAIN FINANCING FOR THE PURCHASE OF YOUR CONDOMINIUM.

YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION FOR BOTH THE NEIGHBORHOOD ASSOCIATION AND THE MASTER ASSOCIATION AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE

FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE NEIGHBORHOOD ASSOCIATION AND THE MASTER ASSOCIATION. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THESE FINANCIAL DOCUMENTS, YOU MAY WISH TO CONSULT WITH YOUR OWN PROFESSIONAL ADVISORS.

Commencement and Collection of Assessments: Monthly installments of Regular Assessments for the Neighborhood Association and the Master Association will commence on all Residential Units in this Phase of the Project on the first day of the month following the conveyance of the first Condominium in this Phase. The Subdivider must pay assessments to the Neighborhood Association and the Master Association for all unsold Residential Units which are owned by the Subdivider or Master Developer in a phase of the Project for which Assessments have commenced. (Regulations 2792.9 and 2792.16).

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

Subdivider Assessment Security: The Subdivider will post a bond as partial security for its respective obligation to pay assessments to both the Neighborhood Association and the Master Association. The governing body of the Neighborhood Association and the Master Association should assure itself that the Subdivider has satisfied these obligations to the Neighborhood Association and the Master Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

LAND USES AND HAZARDS

The Subdivider has set forth below references to land uses (which may include various types of hazards) in close proximity to Cypress Village and the Project. Subdivider advises that it obtained this information from a variety of sources and therefore cannot guarantee the accuracy or completeness of such information. The information disclosed below may become out of date before you receive this Conditional Subdivision Public Report. You should independently verify the information regarding these matters, as well as all other matters which may be of concern to you regarding this Project, and all existing, proposed, or possible future uses adjacent to or in the vicinity of the Project. The distances noted below are general approximations only.

Adjacent Land Uses:

The Land Uses surrounding the Community are currently as follows:

East: To the east of the Community a variety of uses exist or are proposed. Proposed Commercial at the corner of Ridge Valley and Great Park Blvd. A ice rink facility, fire station 20 and Orange County Great Park.

South: The south side of the community borders Marine Way, existing attached and detached residential.

West: The west side of the community borders the Eastern Transportation Corridor 133 and existing attached residential.

North: The northern end of the community is bordered by Great Park Blvd and proposed Great Park Residential Neighborhoods

The zoning and uses of the surrounding property are subject to change. Therefore, the type of future development cannot be predicted with accuracy, and changes in use of property adjacent to or in the vicinity of the Neighborhood or the Community (or both) may occur.

Additional Land Uses Hazard and Miscellaneous Disclosures:

Electric Power Lines, Wireless Communications Facilities, and Human Health. Underground and overhead electric transmission and distribution lines are located within or in the vicinity of all residential communities, including the Project. For example, overhead transmission and distribution lines are attached to the above-ground power poles in Enclave 3. In addition, an electric substation is located across Great Park Boulevard above the northeast corner of Enclave 3. The substation and the power lines within and in the vicinity of Cypress Village are owned by Southern California Edison Company ("**Edison**"), and produce electric and magnetic fields ("**EMF**"). Antennas and other equipment for wireless telecommunications (e.g., cellular phones) are also located within and in the vicinity of Cypress Village. Like all wireless communications facilities, these facilities produce radio-frequency fields ("**RF**"). Numerous studies of human health and EMF or RF have been undertaken over many years, and some are ongoing. Some of these studies have reported a possible relationship between EMF or RF exposure and certain adverse health conditions, while other studies found no such relationships. Buyers are encouraged to review information available on these studies and consider such information in making their decision to purchase a residence in Cypress Village. Additional information about power line EMF is available on Edison's website at <http://www.sce.com/emf>. Other information about EMF or RF research can be found at (1) the World Health Organization's International EMF Project website at <http://www.who.int/topics/electromagnetic-fields/en/>, (2) the U.S. National Institute of Environmental Health Sciences website at <http://www.niehs.nih.gov/health/topics/agents/emf/>, and (3) the Federal Communications Commission website at <https://www.fcc.gov/engineering-technology/electromagnetic-compatibility-division/radio-frequency-safety/faq/rf-safety>.

Agricultural Operations. Commercial agricultural operations previously occurred within the Project and other agricultural activities are presently ongoing to the east of Enclave 3 in the Orange County Great Park. As a result of the agricultural operations, the following disclosure is provided in accordance with State law regarding Cypress Village:

NOTICE OF RIGHT TO FARM

This property is located within one mile of farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the property may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to these 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 California Civil Code or any pertinent local ordinance.

Bowerman Landfill. Cypress Village is located approximately two miles south of the Bowerman Landfill. The Bowerman Landfill is owned and operated by the County of Orange, and covers over 700 acres of land. The County has indicated that

it plans to operate this landfill until 2053. A landfill gas extraction and renewable energy plant is operated at the landfill. In addition, the County has proposed to construct and operate a greenwaste facility at the landfill. If built, this facility will convert greenwaste brought to the landfill into compost for distribution and reuse at off-site locations as a soil amendment and for erosion control. The ultimate elevation for the expanded landfill will be approximately 1,350 feet above sea level, which is considerably higher than existing views of the landfill site. The landfill accepts solid waste from commercial users only, and is not open to the general public. Jeffrey Road, Sand Canyon Avenue and Portola Parkway are major access routes for trucks traveling to and from the landfill and other commercial operations north of Portola Parkway, and noise from such traffic will be heard within Cypress Village, both day and night. Landfill operating hours are Monday through Saturday from 7:00 a.m. to 4:00 p.m. for commercial haulers, and until 5:00 p.m. for transfer trucks.

Commercial Retail Centers. A retail shopping center is located on the opposite side of Jeffrey Road across from Enclave 1, and future retail uses may be located on Ridge Valley across the street from Enclave 3. Cypress Village residents will experience glare from lighting, as well as noise and increased traffic, from the presence of the existing retail center and from any future retail, commercial or mixed use developments. In addition to these retail centers, Cypress Village is located within one mile of other land zoned for commercial and industrial uses, such as the Woodbury Town Center at the intersection of Irvine Boulevard and Sand Canyon Avenue.

Public Schools. Jeffrey Trail Middle School is located adjacent to the Jeffrey Open Space Trail between Roosevelt and Trabuco Road. The Irvine Unified School District ("*IUSD*") operates this school, which services students in grades 7 through 9. In addition to the middle school, IUSD operates a public elementary school in the center of Enclave 1 of Cypress Village, which services students in grades K through 6. Lighting, noise and traffic from the presence of the middle school and the elementary school and their associated facilities will impact residents of Cypress Village. Public school facilities may be equipped with emergency generators that are powered by internal combustion engines. When operated, these engines may emit toxic fumes (but not above levels deemed harmful to public health as regulated by the South Coast Air Quality Management District). With the exception of the portion of Enclave 3 located south of Pinehurst (which is in the Saddleback Valley Unified School District), all of Cypress Village is located within IUSD boundaries.

Community Center/Day Care Sites. A public community center and a private day care facility are located on the opposite side of Trabuco Road across from the northerly boundary of Enclave 1. The Master Association has no control over the operation of these facilities. Another day care facility may be located on the east side of Sand Canyon Avenue in Enclave 2 in the future.

Mixed Use Site in Enclave 2; Age Qualified Site in Enclave 3. A mixed use site is located on the east side of Sand Canyon Avenue in Enclave 2. The portion of Enclave 3 south of Pinehurst is under development as an over-55 residential housing community.

County Mixed Use Site in Enclave 3. An approximate 108-acre parcel of land owned by the County of Orange is located southeasterly of Enclave 3 on the other side of Marine Way. The County is reviewing various land uses for this site, including office, commercial, hotel, and residential uses. Pursuant to the 2003 agreement between the City and the County regarding the annexation of the former MCAS El Toro property into the City, the County retained land use control over the former base property, including the right to develop the land with uses desirable for the County's needs, including but not limited to "emergency shelters" and "transitional shelter care facilities." The final land uses for this site have not yet been determined as of the date of this public report.

Vehicle Maintenance Yards; Church Site. Vehicle parking and maintenance yards operated by IUSD, the Orange County Transportation Authority (“**OCTA**”), and the California Department of Transportation (“**Caltrans**”), as well as buildings used by OCTA and Caltrans for training, operations and other purposes, are located below the affordable housing site in Enclave 2. A church and church parking lot are also located in this area. The Master Association has no control over the operation of the facilities in these areas.

Detention Basins. Numerous water quality detention basins are located throughout Cypress Village. These basins are designed to manage storm water flows and improve the quality of urban runoff from Cypress Village. The basins are owned, operated and maintained by the Irvine Ranch Water District (“**IRWD**”). For further information regarding the detention basins, please contact the IRWD at (949) 453-5300.

Fire Station. Fire Station 20, a permanent fire station operated by the Orange County Fire Authority, is located on Corsair Street across from the ice rink facility on the east side of Ridge Valley. Residents of Cypress Village will hear noise from sirens of trucks and emergency vehicles responding to calls from Fire Station 20.

Prior Agricultural Activities; Soils Remediation. Prior to development, land within portions of Cypress Village was used for cultivation of strawberries and other crops. As is customary in agricultural operations, fertilizers, pesticides, herbicides and other agricultural chemicals were used on the land. In connection with the development of this community, the Master Developer conducted studies of several areas where such fertilizers, pesticides, weed killers and/or agricultural chemicals were stored or used that potentially affected on-site soils. Based on environmental site assessments prepared for Enclaves 2 and 3, the master developer implemented remediation plans under the oversight of the Orange County Health Care Agency. Pursuant to these actions, all soils affected by prior agricultural uses were removed and disposed of in accordance with applicable governmental requirements, and satisfactory completion of such remedial excavation was confirmed by the Orange County Health Care Agency.

Agricultural Garden in Orange County Great Park. An agricultural garden is located in the Orange County Great Park on the other side of Ridge Valley across the southern portion of Enclave 3. The Great Park is owned and operated by the City of Irvine, which controls the uses within the Great Park. As with all agricultural operations, insecticides may be sprayed on trees and plants from time to time, and machinery may be used in connection with cultivation and maintenance activities. Residents of Enclave 3 of Cypress Village may experience inconveniences caused by noise, dust, overspray or odors from such activities.

Groundwater Impacts from Former Base Operations. The former Marine Corps Air Station El Toro closed in 1999 after decades of use as a military base facility. As a result of solvents used in connection with maintenance of aircraft and equipment at the base, groundwater in portions of the Irvine sub-basin has been found to contain trichloroethylene (“**TCE**”). Studies by the Orange County Water District and U.S. Navy indicate that the TCE has migrated into the groundwater under portions of Enclave 3 south of Pinehurst. The affected groundwater is located at depths of over 75 feet below the surface of the land. As the responsible party, the U.S. Navy is obligated by law to remediate the TCE contamination. The Navy has committed to perform the remediation and is proceeding with appropriate remediation programs. For further information, please visit the U.S. Navy website at www.bracpmo.navy.mil, and under the “BRAC BASES” icon select “California” to find the information and contact persons for MCAS El Toro.

Marshburn Channel. Marshburn Channel is a regional flood control facility that is owned and operated by the Orange County Flood Control District. It is located parallel to the SR-133 alignment on the west side of Enclave 3. The Channel provides storm flow flood protection to land east of the SR-133, including Enclave 3 and the Orange County Great Park. In

the event that an off-ramp for the Trabuco Road/Great Park Boulevard exit for the SR-133 is constructed next to Enclave 3 in the future, portions of the Marshburn Channel would be located adjacent to Enclave 3. No decision on construction of the off-ramp has been made by the City or Caltrans as of the date of this Public Report.

Eucalyptus Windrows. Rows of eucalyptus windrows are located along certain streets and other areas of Cypress Village. These trees have been preserved in the course of development in accordance with the requirements of the City of Irvine. Unless otherwise determined by the City, these trees will remain in place on a permanent basis after the development of Cypress Village is completed. The eucalyptus trees located within landscape lots that have been or will be conveyed to the Master Association as Master Association Property will be maintained by the Master Association. Trees located outside of Master Association-maintained landscape lots will be maintained by the City. The trees shed on a year-round basis, and leaves, limbs and droppings may fall onto homeowners' property and may cause damage or staining. Owners of residences in Cypress Village are not entitled to prune, trim, maintain or otherwise alter the eucalyptus trees located within any Master Association Property.

Affordable Housing. Three affordable housing sites are or will be located in Cypress Village. The first two sites -- one in Enclave 1 next to the Community Park and the second in Enclave 2 between the apartments and the vehicle maintenance yards -- have been developed and are open for occupancy. The third site is proposed to also be located in Enclave 2 subject to City approval. These sites are or will be improved with affordable housing units in accordance with City requirements. Residents of affordable housing units are not members of the Master Association, and are not entitled to use the amenities within any of the private neighborhood parks in Cypress Village. For further information, please contact the City of Irvine Community Development Department, telephone (949) 724-6441.

Apartments. Five apartment communities are located in Enclaves 1 and 2. The apartments are not included in the Master Association. The private parks located within each apartment community are available for use only by residents of the applicable apartment community.

Cellular Telephone Sites. Three cellular telephone antennas are located in or next to Enclaves 1 and 2, and a fourth cellular telephone site is planned to be located in Enclave 3 next to the detention basin north of Pinehurst. In addition, cellular telephone facilities are located in the shopping center across Jeffrey Road from Enclave 1, and other cellular telephone antennas and transmission facilities may be added within or near Cypress Village by the Master Developer or other wireless service operators in the future. These facilities produce radio frequency (RF) fields. Please refer to the paragraph of these public report notes entitled "Electric Power Lines, Wireless Communications Facilities, and Human Health" for further information.

Construction Yard. The land on the opposite side of Marine Way below Enclave 3 is currently being used as a temporary construction storage site for materials and equipment used for production landscape and hardscape projects. As noted on the Enclave 3 Local CAR Map, this land is currently zoned for "Medical and Science" uses, although the ultimate uses of this land are subject to change.

Solar Energy Systems and Restrictions on Landscaping & Structural Improvements.

a. California Solar Shade Act. In view of the State of California's policy to promote energy conservation and the use of alternative energy sources, the legislature enacted the Solar Shade Control Act, which is contained in Public Resources Code Section 25980 *et seq.* (the "**Solar Act**"). The Solar Act restricts planting of trees and shrubs on a property if the neighboring property owner has previously installed a solar energy system. The law prohibits the landscaping property

owner from planting trees or shrubs (or allowing them to grow to a size) that would cast a shadow greater than 10 percent of the solar collector absorption area of the neighboring owner's solar energy system at any one time between the hours of 10 a.m. and 2 p.m. The Solar Act does not apply to any tree or shrub planted PRIOR TO installation of the neighboring owner's solar energy system, nor does it apply to the replacement of any such previously planted tree or shrub.

b. Solar Restrictions. Neighborhoods containing single family detached homes and detached condominiums within Cypress Village may be subject to restrictions on installation of landscaping and other home improvements contained in either the Master Declaration for Cypress Village or in a Supplemental Declaration Establishing Solar Shading Covenants, Conditions and Restrictions recorded by their merchant builder and/or the Master Developer for Cypress Village (collectively, the "**Solar Restrictions**"). Any such Solar Restrictions may affect both property owned by homeowners and property owned by the Master Association. The Solar Restrictions limit (a) planting of landscaping that may adversely affect an existing solar energy system on a neighboring lot or unit, and (b) construction of room additions or any structural improvements (other than the original construction of a home or other improvement by a merchant builder or the Master Developer as described below) that cast a shadow on the neighboring owner's solar energy system. This means that the Solar Restrictions may limit or prevent you from planting trees on your property as well as from installing any upper floor additions or rooftop structures on your property. Since the Solar Restrictions cover improvements beyond trees and shrubs that may affect a neighboring solar energy system, the Solar Restrictions are broader than the Solar Act. Similar to the Solar Act, the Solar Restrictions do not restrict the planting of trees and shrubs PRIOR TO installation of the neighboring owner's solar energy system, nor to the replacement of any such previously planted tree or shrub.

c. Merchant Builder/Master Developer Exemption from Solar Restrictions. The Solar Restrictions do not apply to the original construction of dwellings and other improvements by the Merchant Builders or the Master Developer, so if you purchase a residence adjacent to undeveloped land, you should be aware that an adjacent structure built on such land could affect the solar energy system on your property even if the adjacent structure was constructed after installation of the solar energy system on your residence. The Merchant Builders and the Master Developer are, however, not exempt from the limitations on planting of trees or shrubs that would adversely affect an existing solar energy system.

d. Design Guidelines. The Master Association of this Community has adopted Design Guidelines regarding the installation of improvements (such as room additions, patios and landscaping) that apply to all properties within Cypress Village. The Design Guidelines allow the Design Review Committee to require you to remove, trim or prune any tree, shrub or plant which, in the Committee's reasonable opinion, unreasonably impedes the passage of light onto a neighboring lot or unit. The Design Guidelines may also contain requirements consistent with those contained in any applicable Solar Declaration, which may require the landscaping owner who submits design plans for Design Review Committee approval to include information regarding the existence of any solar energy systems on neighboring properties. You should review the Design Guidelines to determine whether any such requirements may impact the landscape plans for the lot or unit that you may desire to purchase.

e. Existing Improvements on Neighboring Properties. If you plan to have a solar energy system installed on your new residence and the residence you are considering is located next to a developed lot or neighborhood, you should also investigate the presence of any landscaping or improvements on the neighboring property. If any such structure, landscaping or trees (either in their existing or future condition) on the neighboring property is likely to cause shade on your property, this could render any solar energy system you propose to install less effective or ineffective. You are advised to thoroughly investigate the condition of any neighboring property if you plan to have a solar energy system installed on the lot or unit that you may desire to purchase.

You should take the above matters into consideration to determine what impacts, if any, such matters may have on the lot or unit that you may intend to purchase.

Parks in Cypress Village. The following park facilities will be located within Cypress Village:

a. Public Parks. A public community park is located in Enclave 1 adjacent to Roosevelt Road and the Jeffrey Open Space Trail. Amenities at this park include a community center, lighted basketball courts, tennis courts and athletic fields, tot lot, shade structures, barbecues, restrooms and parking lot. On-site street parking on Visions is also available for park users. This park is open for public use. In addition to the community park, a public neighborhood park is located in the center of Enclave 1 on the north side of Cypress Village Elementary School. Amenities at this park include unlighted sand volleyball court and half-basketball courts, athletic fields, tot lot, shade structures, barbecue, restrooms and parking lot. On-site street parking will also serve park users. Both of the public parks will be owned and maintained by the City of Irvine. Hours of operation will be determined by the City. For further information, please contact the City of Irvine Community Services Department at (949) 724-6000.

b. Private Parks within Apartment Communities. Any private parks in Cypress Village located within the apartment communities in Cypress Village are available for use only by apartment residents. The private parks within the apartment communities will be maintained by the owner of the apartment communities.

c. Other Private Parks in Cypress Village. A number of private neighborhood parks are located in Enclave 1 outside of the apartment communities, and additional private parks are located in Enclave 3. Amenities at these parks vary. Some of these parks are designed for active uses, such as tot lots, swimming pools or sports courts, while other parks are for passive uses only, such as barbecue facilities and shade structures. Parking for the private parks is located primarily on local streets, although one or more of the private parks have limited on-site parking. Except for the private recreation center in the Gated Area in the south portion of Enclave 3 (which is available for use only for residents of the Gated Area), the private parks are intended for use only by homeowners and residents of Cypress Village who are members of the Master Association and reside outside of the apartment communities, the affordable housing units and the Gated Area. (Residents of the Gated Area are members of the Gated Area Association -- not the Master Association -- and will not have access to any private parks in the non-gated areas of Cypress Village.) Residents of the adjoining Woodbury and Woodbury East communities have no rights to use any of the private parks in Cypress Village, and Cypress Village residents have no rights to use any of the private parks in any of the neighboring communities. Residents of each community are, however, entitled to use the public parks located in any community, as well as any public trail systems in each community.

Residents living in the vicinity of any public or private park will be affected by lighting within the park, as well as increased traffic, street parking and noise from activities within the park. The private neighborhood parks outside of the apartment communities and Gated Area will be owned, operated and maintained by the Master Association. The Master Association will be responsible for establishing hours of operation and rules regarding use of the amenities at these parks. The rules adopted by the Board of the Master Association may allow use of any of these park facilities by non-Cypress Village residents or may restrict use of the park facilities to Cypress Village residents only. The rules may also allow use of the park facilities for parties, weddings and other types of special events, which may include the use of special equipment (such as inflatable jump houses), animals (pony rides, petting zoos, etc.), service of alcoholic beverages, microphones, musical bands, live performers and other activities. The special events and activities may create noise and other temporary inconveniences for nearby residents, such as limited parking and increased traffic.

Trails. The following trails are or will be located within or near Cypress Village:

a. Jeffrey Open Space Trail. The Jeffrey Open Space Trail is located along the westerly side of Cypress Village and is open for public use. In addition to a Class 1 bicycle/pedestrian trail, the Jeffrey Open Space Trail contains landscaping and passive recreational improvements. Grade-separated crossings have been constructed over Roosevelt and Trabuco Road to allow for uninterrupted travel on the Trail, and an additional overcrossing over the I-5 Freeway is planned in the future. In addition to access from public streets, access to the Trail is available from the adjacent community park. The Trail is owned and maintained by the City of Irvine.

b. Public Bicycle and Pedestrian Trail. The Class 1 bicycle/pedestrian trail in the Jeffrey Open Space Trail extends along the southerly side of Cypress Village next to the I-5 Freeway beneath Enclave 1, with connections to Visions and Bay Tree, and also extends along the westerly side of Sand Canyon Avenue.

c. Sidewalk Trails. Four to six-foot wide public sidewalks are located next to most public roadways within Cypress Village, and will also be located along Trabuco Road on the northerly side of Enclave 1. These trails are owned and maintained by the City of Irvine. Additional sidewalks along private streets within Cypress Village are maintained by the Master Association. Residents of Cypress Village may hear noise generated by users of these trails. For further information on the proposed trails, please contact the City of Irvine Community Services Department at (949) 724-6000.

Great Park. The former U.S. Marine Corps Air Station El Toro is now closed. The City of Irvine has commenced development of the Orange County Great Park on approximately 1,347 acres of the former 4,000+ acre MCAS property. The Great Park is planned to contain sports fields, ice rink, open space, park, demonstration farm, amphitheater, veterans' cemetery, educational and other public uses. The Great Park is located across Ridge Valley from the east side of Enclave 3 of Cypress Village. It is anticipated that, if fully completed, the Great Park will take a number of years to complete. Facilities within the Great Park are or will be lighted, and residents living near the Great Park will experience glare from lighting of facilities within the Great Park. For information regarding the proposed Great Park, please contact the City Manager's Office at the City of Irvine, telephone (949) 724-6424, or visit either the City's website at www.cityofirvine.org (click on the "Orange County Great Park" link) or the Great Park website at www.ocgp.org.

Ice Rink Facility in Great Park. An ice rink facility is located in the Great Park on the east side of Ridge Valley across from Enclave 3. The 270,000 square foot facility has four sheets of ice and parking areas. Fees will be charged to users of this facility. Residents living near this facility will experience noise and traffic associated with these uses, as well as glare from lighting of the facility.

Great Park Neighborhoods. A private developer is developing over 2,000 acres of land adjacent to the Great Park with residential, commercial, industrial and other uses, generally known as the "Great Park Neighborhoods." The City of Irvine has no ownership interest in the Great Park Neighborhoods. For information regarding this development, please visit the Great Park Neighborhoods website at www.greatparkneighborhoods.com.

Residents of Cypress Village will be affected by the development of the Great Park and the Great Park Neighborhoods. For example, residents will experience increased traffic on Trabuco Road and other roadways in the vicinity of Cypress Village. In addition, activities and lighting of the amphitheater, sports fields and other facilities within the Great Park will create increased traffic, noise, glare and other inconveniences for Cypress Village residents. The Master Developer has no control over the operations, activities or land uses within the Great Park and the Great Park Neighborhoods, and no representations are made as to the ultimate uses that will be developed within either the Great Park or the Great Park Neighborhoods.

Drainage Runoff and Water Quality Management Plans. A Water Quality Management Plan ("**Management Plan**") has been developed for Cypress Village to address surface water runoff from residential areas and other improvements within the community. Additional Management Plans may be developed by merchant builders for neighborhoods they develop within Cypress Village. The Management Plans will be monitored by the Regional Water Quality Control Board and the City of Irvine. The Management Plans contain certain water quality management practices, known as Best Management Practices ("**BMP's**"), that must be followed by all residents of Cypress Village as well as by the Master Association and any subassociations within the community.

The Management Plans and BMP's generally require residents to be mindful of the impacts of drainage runoff on the environment. The BMP's identify measures and practices for controlling runoff from Cypress Village into adjacent areas and storm drains that ultimately drain into the Newport Bay and the Pacific Ocean. The BMP's for residential areas require, for example, that (i) landscape irrigation systems apply the proper volume of water to landscaping to avoid excess runoff, (ii) private streets and parking areas be swept on a regular basis throughout the year, and (iii) the Master Association provide residents with informational material addressing good housekeeping practices, such as proper use of fertilizers and pesticides, used oil recycling programs, and household hazardous waste collection programs. The BMP's also require implementation of certain maintenance practices by the Master Association, such as inspection and cleaning of catch basins in streets and common areas.

Compliance by residents with the Management Plans and BMP's is important for two reasons. First, violation of these plans or practices may subject residents to penalties not only from the Master Association, but also from any public agency that has the right to monitor and enforce compliance with such plans and practices and other applicable laws. Second, violation of these plans and BMP's may result in the imposition of more stringent maintenance requirements on the Master Association, which would likely cause increases in monthly homeowner assessments.

The Management Plans and associated BMP's may be changed at any time by the Master Developer, individual merchant builders or the public agencies with jurisdiction over such matters, depending on the success of the programs in managing runoff from Cypress Village. Changes in such practices and standards could, in turn, cause increases in monthly homeowner assessments beyond what was contemplated in the original budget prepared for the Master Association.

Roads and Highways. The following roads and highways will have impacts on Cypress Village residents:

a. SR-133 Eastern Transportation Corridor. The SR-133 Eastern Transportation Corridor separates Enclaves 1 and 2 from Enclave 3 of Cypress Village. This multi-lane toll road is operated by Caltrans and the Transportation Corridor Agency. Plans call for additional lanes to be constructed within the right-of-way in the future. The SR-133 is visible from Cypress Village. A future interchange of Trabuco Road/Great Park Boulevard and the SR-133 is included in the City of Irvine's General Plan Circulation Element, and portions of the right-of-way for this interchange have been offered for dedication to the City. As of the date of these public report notes, the City and Caltrans have not determined whether to construct this interchange or the time of such construction. If constructed, the southbound on-ramp from Great Park Boulevard to the SR-133 will be located adjacent to the easterly side of Enclave 2 and the northbound off-ramp from the SR-133 to Trabuco Road/Great Park Boulevard will border a portion of the westerly side of Enclave 3.

b. Santa Ana (I-5) Freeway. The I-5 Freeway is located on the southerly side of Cypress Village. Caltrans is responsible for the operation and maintenance of this freeway. The Orange County Transportation Authority and Caltrans have proposed improvements to the I-5 Freeway to include additional lanes within the right-of-way in this area. These

improvements may include modifications to the connecting ramp between the SR-133 and the I-5 next to Cypress Village, as well as modifications to the on- and off-ramps at the Jeffrey Road/I-5 and Sand Canyon Avenue/I-5 interchanges.

c. Great Park Boulevard. This is a multi-lane primary arterial highway along the northerly border of Enclaves 2 and 3. (Great Park Boulevard becomes Trabuco Road west of Sand Canyon Avenue.) One of the primary entrances to the Orange County Great Park development at the former El Toro Marine Base is on Great Park Boulevard. Traffic on this road will increase in the future as the Great Park and Great Park Neighborhoods are developed. As noted above, a future interchange of Trabuco Road/Great Park Boulevard and SR-133 is planned on the City of Irvine's General Plan Circulation Element.

d. Jeffrey Road. Jeffrey Road is a multi-lane major arterial highway that borders the westerly side of Enclave 1 of Cypress Village. An interchange has been constructed where Jeffrey Road intersects with the I-5 Freeway near Enclave 1. This road is used by trucks traveling to the Bowerman Landfill.

e. Sand Canyon Avenue. Sand Canyon Avenue is a multi-lane major arterial highway located between Enclaves 1 and 2 of Cypress Village. Plans call for, among other things, widening of the on- and off-ramps at the Sand Canyon/I-5 interchange. Sand Canyon Avenue is a designated access route for trucks traveling to the Bowerman Landfill and other commercial operations north of Portola Parkway, and a high volume of truck traffic uses this roadway both day and night. Truck traffic on this road (and other roads around Cypress Village) will remain heavy and is likely to increase in the future.

f. Ridge Valley. Ridge Valley is a 4-lane arterial highway located along the easterly side of Enclave 3. It extends from Portola Parkway to Marine Way.

g. Marine Way. As of the date of this disclosure, Marine Way extends from Sand Canyon to the Great Park easterly of Ridge Valley. Marine Way provides access to various uses adjacent to Marine Way, such as the OCTA office building and vehicle maintenance yards used by Caltrans and OCTA. Plans call for the portion of Marine Way between Sand Canyon and Ridge Valley to be realigned northerly of its current location, so that the Marine Way-Sand Canyon Avenue intersection will be located directly across from the Sand Canyon/I-5 interchange ramp. The realigned segment will not be open for public traffic until the entire reach between Sand Canyon and Ridge Valley is completed. Realigned Marine Way is planned as a 4-lane facility and will ultimately be extended to Bake Parkway.

h. Access Entries and Community Streets. With the exception of the entry road to the Gated Area in the south half of Enclave 3 (which is a private road maintained by the Gated Area Association), all entry roads into the 3 Enclaves of Cypress Village are public roads that will be maintained by the City of Irvine. Some interior streets in Cypress Village will be public, while others will be private. Any public streets will be maintained by the City of Irvine, while private streets will be maintained by either the Master Association, the Gated Area Association or the applicable neighborhood association. There will be pedestrian access gates at each of the entries into Cypress Village, as well as pedestrian access gates on some interior streets within the community.

The presence of the SR-133 Eastern Transportation Corridor, the I-5 Freeway and the other roadways described above will impact Cypress Village residents. For example, residents will experience glare from lighting, impacts on air quality, noise and heavy traffic as a result of the location of these roadway improvements. Some buyers may feel that the noise level of traffic on surrounding roadways is greater than they would like, even though all residential structures in Cypress Village have been constructed in accordance with noise level requirements for residential land uses contained the City of Irvine General Plan. In addition, trucks hauling loads to the Bowerman Landfill use Sand Canyon Avenue and Jeffrey Road

during early morning hours and throughout the day, which will create noise heard by Cypress Village residents. You should consider the presence of the roadways and the noise generated from roadway traffic in their decision to purchase a residence in Cypress Village.

Railroad Lines: Several railroad lines are located within the vicinity of Cypress Village, which include but are not limited to the following: OCTA Metrolink lines are located southerly of Cypress Village south of the Santa Ana Freeway (I-5).

Hospitals: Several hospitals are located within the vicinity of Cypress Village, which include but are not limited to the following: (Please note that only the major/regional hospitals are listed. There may be walk in or other emergency clinics closer to Cypress Village.)

Hoag Hospital and Medical Center. The Hoag Hospital and Medical Center is located southeast of Cypress Village at Sand Canyon Avenue and Alton Parkway.

Kaiser Permanente. Kaiser Permanente is located southeast of Cypress Village at Sand Canyon Avenue and Alton Parkway.

Earthquake Faults. Property in Southern California is subject to earthquake hazards of varying degrees depending on the nature, proximity and activity of nearby earthquake faults. Property within Cypress Village has the potential for strong ground shaking due to fault activity, as do many other areas of California.

Inconveniences from Public Facilities: Some or all of the public facilities which include, but are not limited to, hospitals, police stations and fire stations located within the vicinity Cypress Village may use emergency vehicles and may now, or in the future, have a heliport for use in providing necessary services to the public that create significant noise and glare.

Construction Inconveniences. Construction of homes in Cypress Village, as well as construction of undeveloped areas surrounding Cypress Village, will cause inconveniences for Cypress Village residents (such as noise, dust, traffic interruptions, tire damage and vector control issues) for a number of years until the communities are fully developed.

YOU SHOULD FAMILIARIZE YOURSELF WITH THE SURROUNDING AREAS OF CYPRESS VILLAGE BEFORE SIGNING A PURCHASE CONTRACT.

ADDITIONAL DISCLOSURES: THIS IS NOT A COMPLETE LIST OF THE HAZARDS AND DISCLOSURES, WHICH MAY BE RELEVANT TO THIS PROJECT. THE SUBDIVIDER HAS PREPARED VARIOUS DISCLOSURE STATEMENTS REGARDING VARIOUS ASPECTS OF THE PROJECT. YOU SHOULD VERIFY WITH THE SUBDIVIDER THAT YOU HAVE RECEIVED A COPY OF EACH OF THE DISCLOSURE STATEMENTS AND YOU SHOULD CAREFULLY REVIEW EACH OF THEM. YOU ARE RESPONSIBLE TO CONDUCT YOUR OWN INDEPENDENT INVESTIGATION OF THE PROJECT AND SURROUNDING AREAS TO DETERMINE IF THE PROPERTY IS ADEQUATE FOR YOUR INTENDED USE. THESE DISCLOSURES ARE NOT EXHAUSTIVE, AND NO WARRANTY OR REPRESENTATION OF ANY KIND OR NATURE IS MADE IN CONNECTION WITH SUCH DISCLOSURES.

CIVIL CODE SECTION 1103 STATUTORY DISCLOSURES

Civil Code Section 1103, et seq. California Civil Code Section 1103 et seq. contains various disclosures addressing certain Natural and Environmental Hazards, Right-To-Farm, and other disclosures that must be made to purchasers upon

transfer of residential property. The Subdivider has contracted with an outside consulting firm to provide this disclosure information. The outside firm has provided the following information:

Natural Hazards: The Subdivider will provide to each purchaser of a Condominium Unit a "**Natural Hazard Disclosure Statement**" as prescribed by Civil Code Section 1103.2. The Subdivider has advised that all or portions of the Project are located within an area designated as a "Natural Hazard Area" which includes:

1. The Subdivider has advised that **A Notice of Right to Farm** as described above.

If your Condominium is located within a Statutory Natural Hazard Area as described above, your ability 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 Neighborhood Association or the Master Association, you should also contact the Neighborhood Association and Master Association regarding any potential assessment increases due to additional insurance costs associated with any the Statutory Natural Hazard Areas which may affect Neighborhood Association and/or Master Association maintained areas, if any.

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.

Commercial or Industrial Zoning: The Project is situated within a one (1) mile radius of a designated "commercial," "industrial," or "mixed use" area.

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

Please refer to the Natural Hazard Report for additional information which may include supplemental Natural Hazard disclosures for County and City.

TITLE

Ownership: A preliminary title report shows title to said interests, as of the date of this Conditional Public Report, is vested in The Irvine Community Development Company LLC, a Delaware limited company.

Preliminary Title Report. A preliminary title 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 title report for review of those items that affect the Condominium Unit you are purchasing. Those items typically shown on a report include, but are not limited to, general and special taxes, easements, mechanic's liens, monetary encumbrances, trust deeds, utilities, rights of way and Declarations. In most instances, copies of documents can be provided to you upon request.

Easements: Easements for utilities, planting, mail delivery, drainage, flood control, rights-of-way, sewers, water, storm drain, pipelines, conduits, public trails, emergency access and public service vehicular ingress and egress purposes, public trail, slope, sidewalk, pedestrian access purposes, and other purposes are shown on the title report, the Subdivision Map recorded in Book **990** Pages **15** through **19**, inclusive and a condominium plan to be recorded all in the Office of the Orange County Recorder.

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

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

Additional easements may be included in the Neighborhood Declaration, Declaration of Annexation (if applicable), the Master Declaration and/or the Master Notice of Annexation. You should carefully review the provisions in these documents.

Private Street Maintenance Agreement (Azalea – Tract 19110). This Project is subject to a Private Street Maintenance Agreement recorded on **August 31, 2021** as Instrument No. **2021000547597**. The Subdivider intends to acquire from the Master Developer fee title to all of the Neighborhood Private Streets within the Project. The Subdivider will annex each Neighborhood Private Street into the Neighborhood and convey either fee title to, or an easement for maintenance of, such Neighborhood Private Street to the Neighborhood Association in accordance with the Subdivider's development plan for the Project. After completion of sales and the Close of Escrow for the last Condominium in the Neighborhood, but in no event later than **December 31, 2026** (the "Outside Completion Date"), the Subdivider will complete all of the Neighborhood Private Streets by causing a final seal coat to be installed on them in accordance with City standards. In compliance with the requirements of the DRE, the Subdivider and the Neighborhood Association have entered into a Private Street Maintenance Agreement to ensure: (i) the temporary maintenance of the Neighborhood Private Streets by the Subdivider until the conveyance to the Neighborhood Association; (ii) the conveyance to the Neighborhood Association of fee title to, or an easement for maintenance of, each Neighborhood Private Street; (iii) the funding of reserves by the Neighborhood Association after the conveyance to the Neighborhood Association; and (iv) the installation of the final seal coat to complete the Neighborhood Private Streets. Also in compliance with the requirements of the DRE, the parties have entered into a "Common Area Completion Security Agreement" and a Completion bond has been posted in the amount of nineteen thousand five hundred ninety-six dollars and 60/100 (\$19,596.60) to assure installation of the final seal coat on the Neighborhood Private Streets.

Declaration Establishing Easement Access Rights (Azalea – Tract 19110). Azalea is subject to a Declaration Establishing Access Easement Rights ("Access Declaration") recorded on **August 31, 2021** as Instrument No. **2021000547596** in the Office of the Orange County Recorder. Subject to the terms and provisions of the Access Declaration, Master Developer and Subdivider, as their interests appear of record, each establish, reserve and grant in favor of each Condominium Unit in Azalea an easement for vehicular and pedestrian ingress, egress and access on, over and across all of the Neighborhood Private Streets in Azalea in order to provide access to and from each Condominium

Unit to and from the public street that adjoins Azalea. The access easements will commence as provided in the Access Declaration. The access easements are for the benefit of the Owners and their respective guests and invitees as well as all applicable Public Agencies and other authorized persons. The Master Developer, for itself and the Subdivider, reserves the unilateral right, from time to time, to temporarily prohibit or otherwise restrict access over any Neighborhood Private Street (or portion thereof) for such purposes as Master Developer or Subdivider in its sole discretion deems appropriate (including, but not limited to, barring access into construction areas) until fee title to, or an easement for access to such Neighborhood Private Street has been conveyed to the Neighborhood Association, however, any such prohibition or access restriction shall not prevent an Owner from having access to his Condominium Unit, but the route may not be the most convenient.

Mineral Rights: The Master Developer or its predecessor in interest to Cypress Village has reserved water, mineral, oil and gas rights within the Project. The right of surface entry has been waived as to the surface and upper 500 feet of the subsurface of the property.

REAL PROPERTY TAX BILL

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.

The total tax rate does not include any of the taxes or assessments relating to the Community Facilities (Mello-Roos) District 09-1, Assessment District 11-24, City of Irvine Landscape, Lighting and Park Maintenance Assessment or the IUSD Recreation Improvement & Maintenance District discussed below, which will increase the total tax obligation on your Condominium Unit.

For the purchaser of a Condominium Unit, the full cash value of the Condominium will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of the Condominium or as of the date of completion of an improvement to the Condominium Unit 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.

Community Facilities Districts No. 09-1 and 1.

Irvine Unified School District Community Facilities District No. 09-1. The CFD Areas within this Project also lie within the boundaries of IUSD Community Facilities District No. 09-1 ("**CFD No. 09-1**") and will be subject to the special taxes thereof. The special taxes will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the 2059-60 tax year. The special taxes will appear on each owner's yearly property tax bill and are in addition to the tax rate affecting the property described above in the section entitled "**TAXES**".

The merchant builders should provide each buyer in the CFD Areas with a disclosure with respect to CFD No. 09-1 entitled "Notice of Special Tax" prior to any buyer entering into a contract to purchase a residence. That notice contains important information about the functions and rights of CFD No. 09-1, the buyer's obligations with respect to the CFD No. 09-1 special taxes and information on how to contact IUSD for additional information and materials regarding CFD No. 09-1. All buyers should thoroughly understand the information contained in the notice prior to entering into a purchase contract

Community Facilities District No. 1 of Irvine Ranch Water District ("CFD No. 1"). All portions of Cypress Village -- including the Gated Area -- are part of CFD No. 1 of Irvine Ranch Water District. Irvine Ranch Water District has advised that there is no current bonded indebtedness or special tax authorized for this CFD and it would require a public hearing, an election and approval by two-thirds majority of the qualified voters within the district to authorize any bonded indebtedness or special taxes.

Additional information regarding CFD No. 1 can be obtained by calling the Irvine Ranch Water District.

You will have five days after delivery of these notices by deposit in the mail, or three days after delivery of these Notices in person, to terminate the Purchase Contract by giving written notice of that termination to the owner, Subdivider, or agent selling the property.

City of Irvine Assessment District No. 11-24. The City of Irvine has established Assessment District No. 11-24 ("**AD No. 11-24**"), and Enclaves 1 and 2 of Cypress Village are within the boundaries of AD No. 11-24. The purpose of AD No. 11-24 is to pay for construction of major infrastructure improvements benefiting properties within the boundaries of AD No. 11-24.

The City of Irvine has sold bonds for AD No. 11-24 in order to finance the infrastructure improvements. The cost of these improvements and the bonds has been allocated by the assessment engineer among the various residences and other properties within the AD No. 11-24 boundaries. The portion of the cost of the improvements and the bonds allocated to your residence constitutes a lien upon your property (the "**Assessment Lien**"). The Assessment Lien on your property will be paid off in installments, which will appear as a line item on your annual real property tax bill. Section 163 of the California Revenue and Taxation Code requires that the City annually notify the County Assessor of the amount of the Assessment Lien on each property within AD No. 11-24. Please contact the City of Irvine Public Works Department at (949) 724-6406 for further information as to how the Assessment Lien may affect your property assessed value for real property tax purposes.

All buyers of residences within Enclaves 1 and 2 should receive a disclosure from their merchant builder regarding AD No. 11-24 entitled "Notice of Special Assessment." That notice contains important information about the functions and rights of AD No. 11-24, the obligations of owners within Enclaves 1 and 2 with respect to the Assessment Lien and payment of the assessment installments and contact information with the City of Irvine should you need additional information about AD No. 11-24. Buyers in Enclaves 1 and 2 should thoroughly understand the information contained in that notice prior to entering into their purchase contract. If you are buying a residence in Enclave 3, you will not be subject to the Assessment Lien from AD No. 11-24 and will have no obligation to pay assessments to AD No. 11-24.

City of Irvine Landscape, Lighting and Park Maintenance Assessment. Cypress Village is located within the City of Irvine, which currently provides maintenance, service and operation of certain lighting, landscape and park maintenance improvements through a Landscape, Lighting and Park Maintenance Assessment ("**Park Assessment**"). The Park Assessment will be levied annually on the property tax bill of each property owner in the City.

The annual Park Assessment is based upon the actual costs associated with the landscaping, lighting and park maintenance improvements. This means the Park Assessment can fluctuate from year to year as maintenance contracts expire. For fiscal year 2021-2022, the maximum Park Assessment for a developed residential parcel located on a private street is \$115.83 and the maximum Park Assessment for a developed residential parcel located on a public street is \$122.10. This amount is subject to an annual adjustment based upon the Consumer Price Index; however, the annual adjustment may not exceed 3.5% in any given year. The amount of each annual adjustment will be decided by the City Council after a public meeting.

The City of Irvine will administer the levy and collection of the Park Assessment. For further information regarding the Park Assessment, please contact the City Clerk, telephone (949) 724-6205 or the City's Public Works Department, telephone (949) 724-6406.

Recreation Improvement & Maintenance District. Cypress Village is located within the boundaries of the IUSD. On May 6, 2003, the IUSD established the IUSD Recreation Improvement and Maintenance District ("**RIMD**"). IUSD will levy an annual assessment against parcels within the RIMD to pay a portion of the costs of improving, maintaining and servicing IUSD's recreational facilities. This assessment will appear on the property tax bill of each property owner within RIMD boundaries. All portions of Cypress Village in Enclaves 1 and 2 and the ungated portion of Enclave 3 north of Pinehurst are within the boundaries of the RIMD. The RIMD does not affect the portion of Cypress Village within the Gated Area.

The annual assessment is based upon the actual costs associated with the improvement, maintenance and servicing of IUSD recreational facilities. This means that the assessment can fluctuate from year to year as maintenance contracts expire. For fiscal year 2021-2022, the assessment for single family detached homes is \$65.77 per home, and for attached homes the rate is \$44.13 per unit. The amount of the assessment levied against your property is subject to an annual adjustment not to exceed two percent (2%) of the prior year's assessment in any given year.

IUSD will administer the levy and collection of the RIMD assessment. For further information regarding this assessment, please contact IUSD's Deputy Superintendent at (949) 936-5035, or IUSD's Assessment Engineer, the Willdan Financial Services, at (800) 755-6864.

Please note that district numbers and zone descriptions may change for any of the above referenced districts. Please refer to your tax disclosure for the most current information.

Other Direct Assessments. In addition to the items listed in the previous sections there may be additional direct assessments that do not impose special accelerated foreclosure liens on your property. Instead of billing the property owner directly for monthly or quarterly fees, the service charge or user fees for service are frequently collected annually on the property tax bill. These may include, among other items, sewer service charge, water standby charge, vector control, enhanced school programs, fire protection or flood control.

Standby Charges. A public water and/or sewer agency may levy a standby charge against the properties within its district to provide funding as authorized by the California Water Code §71616 and §71630-§71633. The public agency may use these funds to construct, expand or improve facilities that make water or sewer service more readily or more reliably available to the properties within its district.

Assessments for Services or Civil Penalties. Local agencies have the ability to place delinquent account charges for property related services or civil penalties directly on the tax bill. These may include delinquent utility bills, fees for parcel cleanup and weed abatement and fees for civil penalties.

Fluctuation and Delinquent Taxes. Since the amounts collected through a real property tax bill are most likely different for each of the Condominium Units in this Phase of the Project and amounts collected may also fluctuate over time for a variety of reasons, you should pay special attention to the information contained in the tax disclosure report or contact the local Tax Collector's office for the most current information pertaining to the property to be assured of your ability to pay these taxes. Failure to pay real property taxes can result in a foreclosure on the property.

Please note that district numbers and zone descriptions may change for any of the above referenced districts. Please refer to your tax disclosure for the most current information.

FINANCING

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

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

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

A Balloon Payment. This means that your monthly payments are not large enough to pay off the loan, with interest, during the period for which the loan is written and that at the end of the loan period, you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizeable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

A Prepayment Penalty. This means that if you wish to pay off your loan in whole or in part before it is due, you may be required to pay an additional amount as a penalty in accordance with the terms of your loan.

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

Adjustable Rate Loan. The 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, IF NECESSARY, CONSULT WITH YOUR OWN PROFESSIONAL ADVISORS IN ORDER TO THOROUGHLY UNDERSTAND ALL THE PROVISIONS CONTAINED IN THE LOAN DOCUMENTS AND ANY ACCOMPANYING LOAN DISCLOSURES.

PURCHASE MONEY HANDLING

Escrow Deposits: The Subdivider must impound all funds received from you ("**Purchase Money**") in an escrow depository until legal title is delivered to you. [Refer to Business and Professions Code Sections 11013, 11013.1, 11013.2(a)]

If the escrow has not closed on your Condominium one (1) year after the Subdivider's acceptance date as defined in your Purchase Agreement and Escrow Instructions, you may request the return of your Purchase Money deposits.

Term of Purchase Contract Pursuant to a Conditional Public Report: IF THE FINAL SUBDIVISION 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 PURCHASE MONEY DEPOSIT. THE TERM OF THE CONDITIONAL PUBLIC REPORT MAY BE EXTENDED FOR AN ADDITIONAL SIX (6) MONTH TERM.

Escrow Closing Requirements: The Subdivider advises that individual escrows for sales of interests in this Phase of the Project may be subject to a presale requirement and may not close until a certain percentage of the Residential Units have been sold and are ready to close escrow simultaneously.

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 UNITS IN THIS NEIGHBORHOOD.

Extension of Escrow Closing Date: If you fail to close your escrow on the date agreed upon, with the Subdivider, the Purchase Contract includes a provision whereby the Subdivider may in its sole and absolute discretion grant you an extension of the closing date and, in consideration for the extension, you shall pay a specified dollar amount per day (extension fee) for each day the escrow is extended. This extension fee is in addition to the purchase price of the Condominium Unit and not considered Purchase Money.

SOILS AND GEOLOGIC CONDITIONS

Soils Condition.

Expansive Nature. Soils in Azalea are in the medium expansive range. These types of soils will expand when they become wet and contract when they dry out. This expansion and contraction may cause movement, cracking and other distress in concrete slabs, patios, sidewalks and other flatwork improvements. Movement of improvements constructed on expansive soils is normal and will occur. Further details on soils conditions are available in the soils reports for Azalea on file at the City of Irvine Building Inspection Department.

Filled Ground. Land within the Project may contain filled ground. Although graded in accordance with applicable standards, fill areas will settle further over time. The information concerning filled ground, geologic information and soils conditions is available at the Public Works Department, City of Irvine, 1 Civic Center Plaza, Irvine, Ca. 92623.

Post Tension Slabs. The concrete pads installed in Dwellings in Azalea were designed to mitigate the effects of expansive soils for the portions of any concrete structure constructed directly over soil. For any Dwellings subject to such conditions, the foundation slabs were reinforced with a grid of steel cables installed in the concrete slab and then tightened to create extremely high tension for structural stability. This type of slab is known as a "Post Tension Slab." Cutting into a Post Tension Slab for any reason (e.g., to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Dwelling, personal injury or both. The Declaration provides that each Owner covenants and agrees that: (a) he shall not cut into or otherwise tamper with the Post Tension Slab; (b) he shall not knowingly permit or allow any other person to cut into or tamper with the Post Tension Slab so long as he owns any interest in his Dwelling; (c) he shall disclose the existence of the Post Tension Slab to any person who rents, leases or purchases his Dwelling from him; and (d) he shall indemnify and hold Master Developer, Subdivider and their respective officers, directors, members, employees, contractors, consultants and agents, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees) arising from any breach of these covenants.

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.

YOU 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.

SERVICES

WATER/SEWAGE DISPOSAL: The Subdivider advises that there is currently a monthly water and sewage service charge by the Irvine Ranch Water District. Purchasers are encouraged to contact the Irvine Water District for current rates.

Further information regarding District regulations is available from the District at its headquarters office at 15600 Sand Canyon Avenue, Irvine, California 92718, telephone (949) 453-5300.

Recycled Water. In its efforts to conserve water, the Irvine Ranch Water District ("IRWD") has for years required the use of recycled water (treated wastewater) to irrigate parks, school yards, golf courses, green belt areas and common areas. The water used to irrigate the Master Association Property and the Master Maintenance Areas in Cypress Village and in the Project may be recycled water. IRWD may also require the use of recycled water to irrigate landscaping in private yards. The use of recycled water will conserve the domestic potable water supply and may result in a savings in the cost of water service.

Recycled water is not potable and therefore not suitable for human consumption. Based upon a number of independent studies, the California Department of Health Services has determined that inadvertent consumption of recycled water by domestic pets and other animals will not cause harm and, further, that the use of recycled water has not resulted in any significant adverse health consequences. As with any water spray, the repeated spray of recycled water may stain or discolor personal property, fencing and structural improvements over time.

According to IRWD, IRWD'S recycled water is disinfected with chlorine and its clarity to the human eye is indistinguishable from domestic water. The standards imposed upon IRWD for recycled water quality are established by various governmental regulatory agencies, and the standards may change from time to time.

The water used in your Dwelling will be domestic potable water.

Should you have any questions concerning the use of recycled water within the Project in general, please contact IRWD telephone number (949) 453-5300.

Streets and Roads: Cypress Village will include a network of privately maintained street and publicly maintained streets. The privately owned streets within Cypress Village will be maintained by the Master Association. The costs of repair and maintenance of these streets are included in the budget and are a part of your Monthly Assessment.

In addition, the privately owned streets within the Project will be maintained by the Neighborhood Association. The costs of repair and maintenance of these streets are included in the budget and are a part of your Monthly Assessment.

School Attendance Boundaries. Enclaves 1 and 2 and the ungated portion of Enclave 3 north of Pinehurst are located within IUSD boundaries. The Gated Area of Enclave 3 is located within the boundaries of the Saddleback Valley Unified School District ("**SVUSD**"). School attendance boundaries for public schools are established by each school district and are subject to change at the discretion of each school district. For the most current information on development and construction of school sites, as well as school assignments, facilities and bus service for residents within IUSD boundaries, contact the IUSD at (949) 936-5000 or visit the IUSD Website at www.iusd.org. For the most current information on development and construction of school sites, as well as school assignments, facilities and bus service for residents within SVUSD boundaries, contact the SVUSD at (949) 586-1234 or visit the SVUSD website at svwp.svusd.org.

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

For additional information you may also wish to visit the Department of Real Estate website at: <http://www.dre.ca.gov>