

*Department of Real Estate
of the
State of California*

In the matter of the application of

TERRA LAGO INDIO LLC,
A DELAWARE LIMITED LIABILITY COMPANY

**CONDITIONAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT**

FILE NO.: 169452LA-F00/C00

ISSUED: JANUARY 31, 2022

EXPIRES: JULY 30, 2022

for a Conditional Subdivision Public Report on

TRACT 32341

K. HOVNANIAN'S FOUR SEASONS AT TERRA LAGO

PH. 28 DAYBREAK (LOTS 12-16)

DEPARTMENT OF REAL ESTATE

by *Tiffany Williams*
Signature

TIFFANY WILLIAMS

Printed Name

RIVERSIDE 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 COVERS RESIDENTIAL LOTS 12 THROUGH 16 AND COMMON AREA LOT C OF "DAYBREAK" TRACT 32341 OF PHASE 28 IN K. HOVNANIAN'S FOUR SEASONS AT TERRA LAGO COMMUNITY, BEING DEVELOPED BY TERRA LAGO INDIO, LLC, A DELAWARE LIMITED LIABILITY COMPANY ("**SUBDIVIDER**").

SPECIAL INTEREST AREAS IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: WAIVER OF JURY TRIAL AND POWER OF ATTORNEY, HOMEBUILDER'S LIMITED WARRANTY, MAINTENANCE AND OPERATIONAL EXPENSES, USES/ZONING/HAZARD DISCLOSURES AND PURCHASE MONEY HANDLING.

NOTE: IN ADDITION TO THESE AREAS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING SECTIONS SET FORTH IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE.

BEFORE SIGNING YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL SALES CONTRACT AND LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF YOUR CONTRACT OR LOAN DOCUMENTS, YOU MAY WISH TO CONSIDER CONSULTING WITH YOUR OWN ATTORNEY BEFORE ENTERING INTO A CONTRACT TO PURCHASE THE PROPERTY.

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

- (A) THE SUBDIVIDER FIRST PROVIDES YOU WITH A COPY OF THIS CONDITIONAL PUBLIC REPORT AND A WRITTEN STATEMENT CONTAINING CERTAIN DISCLOSURES REQUIRED BY BUSINESS & PROFESSIONS CODE SECTION 11018.12(F).
- (B) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT AND ESCROW INSTRUCTIONS FOR THE RETURN OF THE ENTIRE SUM OF MONEY PAID OR ADVANCED ("**PURCHASE MONEY**") BY YOU IF A FINAL PUBLIC REPORT HAS NOT BEEN ISSUED DURING THE TERM OF THIS CONDITIONAL PUBLIC REPORT, AS MAY BE EXTENDED FOR AN ADDITIONAL SIX-MONTH TERM.
- (C) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT AND ESCROW INSTRUCTIONS FOR THE RETURN TO YOU OF THE ENTIRE SUM OF MONEY PAID OR ADVANCED BY YOU IF YOU ARE DISSATISFIED WITH THE FINAL PUBLIC REPORT BECAUSE OF A MATERIAL CHANGE IN THE SETUP OF THE OFFERING (REFER TO BUSINESS & PROFESSIONS CODE SECTION 11012).

(D) AS A CONDITION OF THE PURCHASE, DELIVERY OF LEGAL TITLE OR OTHER INTEREST CONTRACTED FOR WILL NOT TAKE PLACE UNTIL ISSUANCE OF A FINAL PUBLIC REPORT.

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

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

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

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

- A. TITLE REPORT PROVIDED TO DRE REFLECTING RECORDATION OF ALL FINAL DOCUMENTS.
- B. FULLY EXECUTED ASSOCIATION GRANT DEED AND IRREVOCABLE ESCROW INSTRUCTION DEPOSITED IN ESCROW.
- C. FULLY EXECUTED RE643 AND SURETY BOND DEPOSITED IN ESCROW.
- D. RECORDATION OF THE TRACT MAP.
- E. RECORDATION OF THE NOTICE OF ANNEXATION AND SUBORDINATION AGREEMENT.

PRELIMINARY SUBDIVISION PUBLIC REPORT: IF YOU RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS CONDITIONAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT FROM THAT INCLUDED IN THE PRELIMINARY PUBLIC REPORT.

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

OVERVIEW OF SUBDIVISION

Location: This subdivision is located at Terra Lago Parkway and Waste Way #3 within the City of Indio, CA. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision: This subdivision is a common-interest development of the type referred to as a planned development. It includes common areas and common facilities which will be maintained by an incorporated owners association.

Interests to Be Conveyed: You will receive fee title to a specified lot, together with a membership in the K. Hovnanian's Four Seasons at Terra Lago Community Association ("**Association**") and rights to use the common areas.

About This Phase: This public report is for Phase 28, which consists of approximately 4.78 acres divided into 5 residential lots each with a 2 car attached garage, in addition to the common area which consists of streets and landscaping.

This phase is part of a total subdivision which, if developed as proposed, will consist of approximately 715 residential lots within the overall projected subdivision. The total number of phases to complete this project has not been determined at this time. The estimated completion date of the overall project is December 2022.

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

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

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

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

Subdivider and Purchaser Obligations: IF YOU PURCHASE FIVE OR MORE LOTS 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 FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

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

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

Age Restrictions: Under the Fair Housing Amendment Act of 1988, as amended by the Housing for Older Persons Act of 1995, the validity of age restrictions in residential developments depends on whether the development qualifies as “housing for older persons”. If the age restriction is set at 62, the housing will qualify if the housing is intended for, and solely occupied by, persons 62 years of age or older. If the age restriction is set at 55, as is the case in this project, the following requirements must be satisfied:

1. The development must be intended and operated for occupancy by persons 55 years of age or older;
2. The development must have policies and procedures that demonstrate that the housing is intended to be occupied by at least one person who is 55 years of age or older;
3. Of the occupied units, 80 percent must be actually occupied by at least one person 55 years of age or older; and
4. The development must comply with HUD rules relating to the verification of occupancy and the development’s policies and procedures.

Currently, there is no procedure in place for a pre-determination that a project, whether existing or proposed, qualifies as “housing for older persons” under the federal requirements. If it is ultimately determined that if the project does not qualify, the age restrictions would not be enforceable. The owners would have the option of either eliminating the age restrictions (in which case the development would be open to residents of all age levels), or taking whatever corrective measures may be necessary to meet the federal requirements.

Waiver of Jury Trial and Power of Attorney: THE COVENANTS, CONDITIONS AND RESTRICTIONS REQUIRE THAT THE HOMEOWNERS ASSOCIATION AND EACH HOMEOWNER WAIVE THEIR RIGHT TO A JURY TRIAL IN THE EVENT OF A DISPUTE WITH THE SUBDIVIDER INCLUDING, WITHOUT LIMITATION, CONSTRUCTION DEFECT CLAIMS. YOU ARE ENCOURAGED TO READ ALL OF THE GOVERNING DOCUMENTS CAREFULLY AND YOU MAY WISH TO CONSULT WITH AN ATTORNEY AS TO YOUR LEGAL RIGHTS.

Homebuilder's Limited Warranty: AS SET FORTH IN THE PURCHASER'S GRANT DEED, THE SUBDIVIDER WILL DECLARE THAT IT NOW OWNS, HAS A RIGHT TO ACQUIRE, OR HAS CONVEYED TO HOME PURCHASERS THE OTHER RESIDENTIAL LOTS SUBDIVIDED BY TRACT MAP NUMBER 32341 AS DESCRIBED ON EXHIBIT "A" TO THE PURCHASER'S GRANT DEED, AND THE SUBDIVIDER WILL COVENANT WITH PURCHASER; AND PURCHASER, BY ACCEPTANCE OF THE PURCHASER'S GRANT DEED WILL COVENANT (IF [BUT ONLY IF] PURCHASER EXECUTED SUBDIVIDER'S "HOME BUILDER'S LIMITED WARRANTY REGISTRATION FORM") WITH SUBDIVIDER, EACH ON BEHALF OF ITSELF AND ITS RESPECTIVE SUCCESSORS AND ASSIGNS, THAT FOR A PERIOD WHICH SHALL BE THE LESSER OF EITHER THE WARRANTY (AS DEFINED BELOW) PERIOD OR FIFTEEN (15) YEARS (THE "TERM") AND COMMENCING WITH THE RECORDATION OF THE PURCHASER'S GRANT DEED SUBDIVIDER AND PURCHASER SHALL BE BOUND BY THE PROVISIONS OF THAT CERTAIN "HOME BUILDER'S LIMITED WARRANTY" (THE "WARRANTY") PROVIDED BY SUBDIVIDER TO PURCHASER WHICH REQUIRES, AMONG OTHER PROVISIONS, THAT SUBDIVIDER SHALL GUARANTEE THE PROPERTY TO BE FREE OF "CONSTRUCTION DEFECTS" (AS THAT TERM IN QUOTATION MARKS IS DEFINED IN THAT WARRANTY) DURING THE TERM THEREOF, AND THIS COVENANT SHALL APPLY TO ALL REPAIRS, MAINTENANCE OR IMPROVEMENT OF THE PROPERTY PERFORMED BY OR ON BEHALF OF SUBDIVIDER AS REQUIRED BY THAT WARRANTY. PURCHASER ON BEHALF OF ITSELF, ITS SUCCESSORS AND/OR ITS ASSIGNS WILL AGREE TO BE BOUND BY THE PROVISIONS OF THAT WARRANTY AND WITHOUT LIMITING THE GENERALITY THEREOF SPECIFICALLY WILL AGREE THAT THE ENFORCEMENT OF SUBDIVIDER'S OBLIGATIONS UNDER THAT WARRANTY SHALL BE BY WAY OF ARBITRATION AS THE DISPUTE RESOLUTION PROCEDURE SPECIFIED THEREIN IN ORDER TO PROVIDE A PROMPT AND ECONOMICAL METHOD OF RESOLVING ANY SUCH DISPUTE AND NO LAWSUIT OR OTHER METHOD OF ENFORCEMENT SHALL BE PERMITTED OR PURSUED. FOLLOWING EXPIRATION OF THE TERM THESE COVENANTS AND EQUITABLE SERVITUDES SHALL EXPIRE AUTOMATICALLY AND THEREAFTER SHALL BE OF NO FURTHER FORCE OR EFFECT. DURING THE TERM, THE PROPERTY IS, AND SHALL BE HELD, CONVEYED, HYPOTHECATED, ENCUMBERED, LEASED, RENTED, USED, OCCUPIED, REPAIRED, MAINTAINED AND IMPROVED SUBJECT TO THE PROVISIONS OF THE WARRANTY, AND THESE PROVISIONS, AS SET FORTH IN THE PURCHASER'S GRANT DEED, WILL BE INTENDED AS, AND WILL BE DECLARED TO BE, COVENANTS RUNNING WITH THE LAND AND/OR EQUITABLE SERVITUDES UPON THE LAND, AS THE CASE MAY BE. PURSUANT TO SECTION 1468 OF THE CIVIL CODE OR ANY SIMILAR STATUTES THEN IN EFFECT, THESE PROVISIONS, AS SET FORTH IN THE PURCHASER'S GRANT DEED, WILL BE INTENDED AS COVENANTS RUNNING WITH THE LAND, AND SHALL BE BINDING ON, INURE TO THE BENEFIT OF THE PROPERTY AND OF PURCHASER, ITS SUCCESSORS AND/OR ASSIGNS, AND SHALL BE ENFORCEABLE BY SUBDIVIDER AND ANY PARTY HAVING ANY RIGHT, TITLE, OR INTEREST IN THE PROPERTY FROM TIME TO TIME, TOGETHER WITH THEIR RESPECTIVE PURCHASERS, SUCCESSORS, HEIRS, EXECUTORS, ADMINISTRATORS, DEVISEES AND ASSIGNS. PURCHASER, ITS SUCCESSORS AND/OR ITS ASSIGNS, MAY OBTAIN A COPY OF THE WARRANTY AND/OR THE "HOME BUILDER'S LIMITED WARRANTY REGISTRATION FORM" AT ANY TIME DURING THE TERM FROM SUBDIVIDER OR FROM PROFESSIONAL WARRANTY SERVICE CORPORATION, POST OFFICE BOX 800, ANNANDALE, VIRGINIA, 22003-0800, THE ADMINISTRATOR OF THE WARRANTY.

FOR A COMPLETE UNDERSTANDING OF ALL THE PROVISIONS OF SUCH WARRANTY, YOU SHOULD READ IT CAREFULLY. YOU MAY WISH TO CONSULT YOUR ATTORNEY PRIOR TO ENTERING INTO A PURCHASE AGREEMENT.

Completion of Common Area: The Subdivider estimates all common area improvements, amenities, and facilities in this phase will be completed by approximately June 2022.

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

The Subdivider has posted bonds with the City of Indio to assure completion of the private streets within the Subdivision, evidence of which has been provided to the Department of Real Estate.

The Recreational Center located on Lot A of Lot Line Adjustment 2013-08 of Tract 32341-1 has been completed as evidenced by the Notice of Completion recorded March 9, 2014 as Instrument No. 2015-0092206 in the Office of the Riverside County Recorder. Common amenities include the following: reactional building, lake, outdoor swimming pool, outdoor spa, wall fountain at courtyard, sports courts, fire pit, BBQ's, shade structure landscape and hardscape.

The Guardhouse located on Lot AA of Amended Tract 32462-1 has been completed as evidence by the Notice of Completion recorded May 19, 2014 as Instrument No. 2014-0180924 in the Office of the Riverside County Recorder. Common amenities and or facilities include the following: guardhouse building, vehicle access gates, HVAC equipment, tile flooring, bathroom and water heater.

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

MANAGEMENT AND OPERATION

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

guidelines may hereinafter be referred to as the "**Governing Documents**"). You should review each of these documents carefully.

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

The CC&Rs: This subdivision is subject to the CC&Rs recorded in the Office of the Riverside County Recorder on April 24, 2014 as Instrument No. 2014-0150223 and amended on July 10, 2014 as Instrument No. 2014-0257365 of Official Records, and a Notice of Annexation for this phase to be recorded, all of Official Records, which include among other provisions, the following:

ADULT COMMUNITY RESTRICTIONS - ARTICLE 19, SECTIONS 19.1 THROUGH 19.3:

Section 19.1. Subdivider intends by the provisions of this Article 10 to provide that the Project shall be developed, occupied and maintained as a Riverside County, California, "senior citizen housing development" as defined in California Civil Code Section 51.3 and 51.11.

Sections 19.2 and 19.3. "Qualifying Resident" means a person fifty-five (55) years of age or older.

Purchasers should consult with the Subdivider or his agent regarding the full particulars in this Article of the Restrictions.

Amendments to the original CC&Rs and/or the Supplemental Declarations may also be recorded. You may ask the Subdivider about such changes. If you purchase a lot subject to said amendment, this information will be included in your title policy.

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

TO SECURE FINANCING FOR THIS SUBDIVISION ACCEPTABLE FOR ACQUISITION BY FEDERAL NATIONAL MORTGAGE ASSOCIATION OR FEDERAL HOME LOAN MORTGAGE CORPORATION, IT HAS BEEN NECESSARY FOR THE SUBDIVIDER TO INCORPORATE INTO THE DECLARATION AND OTHER MANAGEMENT INSTRUMENTS PROVISIONS WHICH GIVE THE PURCHASER MONEY LENDER A VOICE IN THE AFFAIRS OF THE ASSOCIATION AND IN THE MANAGEMENT AND OPERATION OF THE SUBDIVISION WHICH A PURCHASE MONEY LENDER DOES NOT ORDINARILY HAVE.

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

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

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

MAINTENANCE AND OPERATIONAL EXPENSES

Association to Levy Assessments: THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS, AMENITIES AND FACILITIES, AND OTHER PURPOSES. YOUR CONTROL OF OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT ASSOCIATION MEETINGS.

Proposed Budgets: The Subdivider has submitted budgets for the management, maintenance and operation of the Association obligations and for long-term reserves when the subdivision is substantially completed (built-out budget) and interim budgets applicable to these phases. These budgets were reviewed by the Department of Real Estate July 2021. You should obtain copies of these budgets from the Subdivider.

Due to uncertainty in the sequence in which the phases in this subdivision will close escrow in individual housing types located in the overall subdivision, it is difficult to predict at this time the amount of the monthly assessment which will be assessed against each lot in the subdivision.

As the overall subdivision is developed and additional phases of the subdivision become subject to assessment, the level of monthly assessments in existing phases of the subdivision may increase or decrease, subject to the limitations in the CC&Rs or Bylaws. Under the interim budget on file with the Department of Real Estate, the range of monthly assessments during the development period will be between \$206.75 and \$266.75. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current management, maintenance and operating expenses will be between \$43.05 and \$51.01, respectively.

According to the Subdivider, assessments under the interim budget should be sufficient for management, maintenance and operation of the Association's obligations until the subdivision is substantially completed, at which time it may be anticipated that assessments will be adjusted. Prior to the close of escrow for the sale of your lot, the

Subdivider will provide you with a copy of the budget for your phase, reflecting the amount of the initial assessment you will actually pay to the Association.

Cost Share Agreement: The Subdivider has entered into an Amended and Restated Easement Agreement and Declaration recorded January 26, 2007 as Instrument No. 2007-0063472 with Terra Lago Community Association ("**Master Association**") for access, utilities and signage. This cost share line item is included in the Range of Assessment Budget.

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

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

UNTIL THE PROPERTY WITHIN THE PROJECT IS COMPLETELY SOLD OUT, THE BUDGETS ARE SUBJECT TO REVIEW BY THE DEPARTMENT OF REAL ESTATE EVERY 24 MONTHS AT WHICH TIME THE PROPOSED MONTHLY ASSESSMENT AMOUNTS AS WELL AS THE PROPOSED BUILT-OUT ASSESSMENT AMOUNT ARE SUBJECT TO CHANGE.

Budget Information Provided by Subdivider: DELINQUENCIES IN THE PAYMENT OF ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED ASSOCIATION SERVICES. THE SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET (REGULATION 2800K).

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

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase a Lot. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE SUBDIVISION ASSOCIATION. If you do not understand the contents of these financial documents, you

may wish to consult with your own professional advisors. Should the amounts collected by the Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Association may decide to defer maintenance or eliminate services.

Exemptions from Association Regular Assessments: The Covenants, Conditions and Restrictions provide that the Subdivider or other owner of a subdivision interest 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 Restrictions (Regulation 2792.16c).

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

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

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

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

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

Initial Capital Contribution ("Start-Up" Funds): In addition to assessments, purchasers must make an initial capital contribution to the homeowners association to have sufficient "start-up" funds for operating the common areas.

Prior to the close of escrow, each purchaser must deposit into escrow a sum equal to two hundred fifty dollars (\$250.00) for each lot purchased. This amount is not a prepayment of assessments or part of the purchase price of the lot.

Common Area Facility Use and Maintenance Agreement: Portions of this subdivision will be improved with certain common area facilities, which include primarily recreational facilities and private streets as well as other private areas and facilities, including open space (collectively, the “**Subdivider-Retained Facilities**”) in the Common Area Facility Use and Maintenance Agreement. The Subdivider-Retained Facilities are intended to be initially maintained by the Subdivider, which maintenance will be provided during the period of time commencing when such Subdivider-Retained Facilities have been made available to the Association for use and ending upon conveyance of such Subdivider-Retained Facilities to the Association. Subdivider desires to provide for use of each respective component of the Subdivider-Retained Facilities by the Association and its Member prior to the time that each such respective component is conveyed to the Association.

The Subdivider has entered into an Agreement with the Association to ensure that prior to the time the Subdivider-Retained Facilities are conveyed to the Association, the Association may rely upon certain rights as disclosed in said Agreement. For further information regarding this Agreement, purchasers may confer with the Subdivider or his agent. The Subdivider has posted a bond to secure its obligations under the Common Area Facility Use and Maintenance Agreement as required by the California Department of Real Estate.

USES/ZONING/HAZARD DISCLOSURES

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

Zoning: The property surrounding the project is zoned as follows:

North – Golf Course & Open Space

South – Open Space & Future Development

East – Canal, Open Space & Future Single Family Development

West – Canal, Open Space & Future Single Family Development

Surrounding Uses/Hazards: The Subdivider advises that prior to the issuance of this Public Report, the following significant property uses exist or are proposed to be within or near the Project.

- Golf Club at Terra Lago is located approximately .125 miles north of the project;
- Indio Canyon is located approximately 1.75 miles northeast of the project;

- Little Fargo Canyon is located approximately 1.125 miles northeast of the project;
- Dillon Road is located approximately .75 miles east of the project;
- Fargo Canyon is located approximately 1.5 miles southeast of the project;
- The New Vineyards Golf Course is located approximately 1.5 miles southeast of the project;
- Interstate 10 is located approximately 1.375 miles south of the project;
- Spotlight 29 Casino is located approximately 1.625 miles southwest of the project;
- California State Route 86 is located 1.5 miles southwest of the project;
- Coachella Valley Stormwater Channel is located approximately 1.625 miles southwest of the project;
- Fantasy Springs Casino is located approximately 1.375 miles southwest of the project;
- California State Route 111 is located approximately 1.625 miles southwest of the project;
- Rancho Casablanca Country Club and Golf Course is located approximately 1.125 miles southwest of the project;
- All American Canal is located approximately .125 miles southwest of the project;
- Indio Golf Club is located approximately 1.875 miles northwest of the project;
- Shadow Lake is located approximately 1.875 miles northwest of the project;
- Indio Terrace Park is located approximately 1.375 miles southwest of the project.

THIS IS NOT A COMPLETE LIST OF THE DISCLOSURES RELEVANT TO THIS PROJECT. SUBDIVIDER WILL PROVIDE YOU WITH ADDITIONAL DISCLOSURES THAT YOU ARE ADVISED TO REVIEW AND YOU ARE ALSO ADVISED TO CONDUCT YOUR OWN INVESTIGATION OF ALL MATTERS OF INTEREST TO YOU PRIOR TO ENTERING INTO AN AGREEMENT TO PURCHASE A LOT IN THIS SUBDIVISION.

CIVIL CODE SECTION 1103 STATUTORY DISCLOSURES

Civil Code sections 1103 et seq. California Civil Code Sections 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 provided the following information:

Natural Hazards: The Subdivider will provide to each purchaser of a Lot a “**Natural Hazard Disclosure Statement**” as prescribed by Civil Code Section 1103.2. This Statement may be titled differently, such as “Property Disclosure Report.”

The Subdivider has advised that all or portions of the subdivision subject to this Public Report are located within an *Earthquake Fault Zone*. Additionally, the Subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Public Resources Code Section 2621.9.

If any disclosure, or any material amendment to any disclosure, required to be made by the Subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days

after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the Subdivider or the Subdivider's agent.

Commercial/Industrial Zoning Disclosure: The Project is located within one (1) mile of a property zoned for commercial or industrial use southwest of the project. Neither the Subdivider nor the Association has any control over the use, operation or maintenance of the commercial/industrial property.

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

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

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.

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

TITLE

Preliminary Report: A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the lot you are purchasing.

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

Easements: Easements for utilities, streets and other purposes are shown on the title report and Subdivision Map 32341 recorded May 20, 2021 in Book 478 of Maps at Pages 20 through 23 in the Office of the Riverside County Recorder, State of California.

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

Mineral Rights: You will not own the water, mineral, oil and gas rights under your land below a depth of 500 feet. These will be reserved as per your grant deed. The right to surface entry has been waived.

TAXES

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

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

Notice of Your 'Supplemental' Property Tax Bill

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

Special Taxes & Assessments: This subdivision lies within the boundaries of the City of Indio CFD No. 2004-1 (Law Enforcement, Fire and Paramedic Services) and is subject to any taxes, assessments and obligations thereof. This CFD was formed to fund a portion of the cost of providing law enforcement, fire and paramedic services

(operation and maintenance) that are in addition to those provided in the territory of formation for the benefit of the owners within the boundaries of CFD 2004-1. The Subdivider must provide purchasers with a disclosure entitled, "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. This Notice contains important information about district functions, purchaser's obligations, rights of the district, and information on how to contact the district for additional materials. Purchasers should thoroughly understand the information contained in the Notice prior to entering into a contract to purchase. This special tax appears on the yearly property tax bill, and is in addition to the tax rate affecting the property described above in the section entitled "Regular Taxes." The maximum special tax which may be levied against this parcel to pay for public services for the 2021/22 tax year, is **\$504.08**. This amount may increase by 2% per year in all future years. The special tax may be levied in perpetuity, as long as the services are being provided. Failure to pay the CFD 2004-1 Special Tax may lead to your lot being foreclosed upon and sold.

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

City of Indio Solid Waste Charge: The Subdivision lies within the boundaries of the City of Indio Solid Waste Charge and is subject to any special taxes, assessments and obligations thereof. The purpose of the City of Indio Solid Waste charge is to provide funding that covers the ongoing costs to provide solid waste collection and disposal services for garbage, green waste and recycling. The levy will vary from property to property based upon the actual size. The City of Indio Solid Waste Charge budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means that assessments can fluctuate from year to year. For fiscal year 2021-2022, the estimated assessment for a lot is approximately \$233.04. The administration of the City of Indio Solid Waste Charge is provided by the City of Indio Customer Service (760) 340-2113.

City of Indio Waste and Recycle Charge: The Subdivision lies within the boundaries of the City of Indio Waste and Recycle Charge. This district provides annual surcharge to subsidize recycling services provided to the property. Any increase in the annual assessment would require board approval. For fiscal year 2021-2022, the estimated assessment per lot is approximately \$2.76. The administration of this district is provided by the City of Indio Customer Service (760) 238-5415

Valley Sanitary District: The Subdivision lies within the boundaries of the Valley Sanitary District – Sewer Service Surcharge. This district provides funding for ongoing costs to operate, repair and maintain the sewer treatment plant and wastewater recycling services to the property. Any increase in the annual assessment would require board approval. For fiscal year 2021-2022, the estimated assessment per lot is approximately \$500.00. The administration of this district is provided by the City of Indio Customer Service (760) 238-5415.

Coachella Valley Mosquito and Vector Control District: The Subdivision lies within the boundaries of Coachella Valley Mosquito and Vector Control District. This district provides pest control measures. Assessments may be increased annually based on the Los Angeles-Riverside-Orange County Consumer Price Index. For fiscal year 2021-2022, the estimated assessment per lot is approximately \$14.39. The administration of this district is provided Willdan Financial (760) 238-5415

Desert Recreation District – Landscape and Lighting Assessment District 93-1: The Subdivision lies within the boundaries of the Desert Recreation District – Landscape and Lighting District 93-1 (“**City LLD**”) and is subject to any special taxes, assessments and obligations thereof. The purpose of the City LLD is to provide funding for the operation and maintenance of the following, but shall not be limited to landscaping, public lighting and trash removal. Assessments for the district also partially fund community facilities, recreational facilities, and services provided throughout the district. Any increase in assessment would require voter approval. For fiscal year 2021-2022, the estimated City LLD assessment for a lot is approximately \$9.90. The administration of the City LLD is provided by Willdan Financial (800) 755-6864.

FINANCING

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

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

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

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

Balloon Payment: This means that your monthly payments are not large enough to pay off the loan, with interest, during the period for which the loan is written and that at the end period, you must pay the entire remaining balance in one payment. If you are

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

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

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

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

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

PURCHASE MONEY HANDLING

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

IF THE FINAL PUBLIC REPORT HAS NOT BEEN ISSUED WITHIN SIX (6) MONTHS FROM THE DATE OF THE ISSUANCE OF THIS CONDITIONAL PUBLIC REPORT, YOU MAY REQUEST THE RETURN OF YOUR DEPOSIT. THE TERM OF THE CONDITIONAL PUBLIC REPORT MAY BE EXTENDED FOR AN ADDITIONAL SIX (6) MONTH TERM.

If the escrow is not closed on your lot within one (1) year of the date of Subdivider's acceptance of your offer, you may request the return of your purchase money deposit.

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

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

THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS CONTAIN THE PROVISIONS THAT ONCE A PURCHASER IS NOTIFIED IN WRITING THAT THE PROPERTY IS SUBSTANTIALLY COMPLETE AND READY FOR POSSESSION AND OCCUPANCY BY PURCHASER, PURCHASER MAY REQUEST AN EXTENSION OF TIME TO CLOSE ESCROW AND, IF ACCEPTED BY SELLER, PURCHASER AGREES THAT THE PURCHASE PRICE ESTABLISHED IN THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS WILL INCREASE BY \$250.00 PER DAY FOR EACH DAY CLOSE OF ESCROW IS EXTENDED BEYOND THE CLOSING DATE ESTABLISHED PURSUANT TO THE TERMS OF THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS.

THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS CONTAIN THE PROVISION THAT IF PURCHASER FAILS TO MAKE FLOORING, OPTIONS AND EXTRAS, AND UPGRADE SELECTIONS BY THE DATE SPECIFIED AFTER SELLER'S REQUEST TO DO SO, SELLER SHALL HAVE THE OPTION OF EITHER MAKING SUCH SELECTIONS FOR PURCHASER OR INCREASING THE PURCHASE PRICE ESTABLISHED IN THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS BY \$150.00 PER DAY FOR ANY EXTENSIONS IN THE SELECTION DATE WHICH PURCHASER AND SELLER HAVE AGREED UPON.

SOILS AND GEOLOGIC CONDITIONS

Some lots will contain filled ground. Information concerning filled ground, soil conditions and geologic conditions is available at City of Indio Planning and Development Services, 100 Civic Center Mall, Indio, CA 92201.

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

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

Post-Tension Slabs: Due to certain underlying soil conditions, the concrete slabs for some dwellings may be built using a post-tension concrete system ("**System**"). The System involves placing steel cables under high tension in the concrete slab foundation located beneath the dwelling. Any attempt to alter or pierce the foundation and/or slab (for example, saw cutting, drilling, or installation of subterranean improvements such as new plumbing or a floor safe) could damage the integrity of the System and/or cause

serious personal injury or property damage. The Subdivider will provide you with a separate disclosure if this System is installed on the property you are purchasing.

Each owner, by acceptance of the deed to a lot agree that Subdivider shall not be responsible for any damage or injury resulting from the alteration of the slab or foundation of the owner's dwelling by the owner or any employee, agent, family member or representative of the owner. Additionally, said soil conditions shall be taken into consideration before the construction or installation by an owner (or any of the owner's contractors or agents) of patios, pools, spas, or any other improvements within an owner's lot.

Each owner, by acceptance of the Deed to a lot, agrees to disclose the existence of the Post-Tension Slab to any of owner's tenants or lessees of the dwelling unit and to any future purchaser of the lot from owner.

OTHER SERVICES

Streets and Roads: The private streets within this subdivision will be maintained by the Association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular monthly assessment. The Subdivider has posted bonds with the City of Indio to insure completion of the private streets within the subdivision.

Schools: This subdivision lies within the Desert Sands Unified School District located at 47-950 Dune Palms Road, La Quinta, CA 92253, (760) 777-4200. This district advises that the subdivision is currently within the attendance boundaries of the following schools within the 2020-2021 school year.

Andrew Jackson Elementary School
82850 Kenner Avenue
Indio, CA 92201
(760) 755-3830

Desert Ridge Academy
79767 Avenue 39
Indio, CA 92203
(760) 393-5500

Shadow Hills High School
39225 Jefferson Street
Indio, CA 92203
(760) 393-5400

The above school information was provided prior to the date of issuance of this Public Report and is subject to change. For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the school district.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

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