



**California Property Tax Disclosure Report  
For New Construction/New Homes**

Report Date: 1/9/2023

Report Number: 3093243

***This Property Tax Disclosure Report satisfies Seller's obligations to disclose (a) Mello-Roos and 1915 Bond Act Assessments applicable to the Residential Property pursuant to California Government Code Section 53341.5 and Civil Code Section 1102.6b, and (b) Supplemental Taxes as required by California Civil Code Section 1102.6c.***

First American Real Estate Disclosures Corporation, doing business as First American Natural Hazard Disclosures ("FANHD") has prepared this Report for the owner of the Residential Property on the Report Date ("Seller"), the buyer of the Residential Property under a contract of sale as of the Report Date ("Buyer") and their respective licensed real estate agents ("Agents"). Seller, Buyer, and the Agents are sometimes referred to herein as "Party" or "Parties."

**PROPERTY INFORMATION**

**COMMUNITY NAME:** FIG TOWNHOMES AT THE ORCHARD  
**SELLER:** WILLIAMS HOMES  
**LEGAL DESCRIPTION:** SAN LUIS OBISPO COUNTY / TRACT 3150 / LOT 6/40  
**RESIDENTIAL PROPERTY:** 905 MADONNA ROAD #40 SAN LUIS OBISPO, CA

**DETERMINATION SUMMARY**

The Residential Property:

- A. IS  IS NOT  Subject to one or more Mello-Roos Community Facilities Districts
- B. IS  IS NOT  Subject to one or more 1915 Bond Act Assessment Districts
- C. IS  IS NOT  Subject to other direct assessments
- D. IS  IS NOT  Subject to SRA Fire Prevention Fee

(SRA Fee is suspended until 2031 by Assembly Bill 398 of 2017)

**Part 1: Special Tax and Assessment Summary**

\*Notice of Special Tax (SIGNATURE REQUIRED)

**Part 2: Accelerated Foreclosure Information**

**Part 3: Estimated Property Tax Charges**

**Part 4: Supplemental Tax Information**

\*Notice of Supplemental Tax Bill (SIGNATURE REQUIRED)

**Part 5: State Responsibility Area Fire Prevention Fee**

(SRA Fee is suspended until 2031 by Assembly Bill 398 of 2017)

**Part 6: Terms and Conditions**

**BUYER'S / TRANSFEREE'S ACKNOWLEDGMENT**

Buyer/Transferee acknowledges receipt of this Report. Buyer/Transferee acknowledges that this is a Report product and not any insurance policy and is subject to the Terms and Conditions attached hereto and incorporated herein.

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_



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**PART 1. SPECIAL TAX AND ASSESSMENT SUMMARY**

TO THE PROSPECTIVE PURCHASER OF THE RESIDENTIAL PROPERTY LEGALLY DESCRIBED AS:

**LEGAL DESCRIPTION: SAN LUIS OBISPO COUNTY / TRACT 3150 / LOT 6/40**

**THIS IS A NOTIFICATION TO BUYER PRIOR TO PURCHASING THE RESIDENTIAL PROPERTY.**

**A. Mello-Roos Community Facilities Districts:**

If the Residential Property is within a Mello-Roos Community Facilities District (CFD), it will be subject to a special tax that will appear on the property tax bill. This special tax is in addition to the ad valorem property taxes and any other charges and benefit assessments that will be itemized on the property tax bill and the proceeds of this tax or assessment are used to provide public facilities or services that are likely to particularly benefit the real property. This special tax may not be imposed on all parcels within the city or county where the property is located.

If the Residential Property is within a CFD, the current tax rate, maximum tax rate, the maximum tax rate escalator, and the authorized facilities which are being paid for by the special taxes, and any authorized services will be indicated below. THE BUYER SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THE RESIDENTIAL PROPERTY.

This property **IS SUBJECT TO** Mello-Roos Community Facilities Districts

**Mello-Roos Community Facilities Districts Applicable to the Residential Property:**

<b>Agency</b>	<b>Improvements and/or Services</b>	<b>End Year</b>	<b>Fiscal Year 2022-23 Maximum Special Tax Amount</b>
City of San Luis Obispo CFD No. 2019-1 (San Luis Ranch)	To finance transportation improvements, potable and non-potable water system improvements, drainage system improvements, wastewater system improvements, solid waste improvements, park and corridor improvements, open space improvements, utility improvements and incidental expenses.	2062/2063	\$2,069.46 per Townhome Market Rate Unit <i>(See Notice of Special Tax)</i>
<b>Max. Tax Escalator</b>	<b>Contact</b>	<b>Phone Number</b>	<b>Accelerated Foreclosure (yes or no)</b>
2%	City of San Luis Obispo Community Development	(805) 781-7109	



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**NOTICE OF SPECIAL TAX  
CITY OF SAN LUIS OBISPO  
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SAN LUIS RANCH)  
COUNTY OF SAN LUIS OBISPO, CALIFORNIA**

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

**TRACT 3150 / LOT 6/40**

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY.

This property is subject to a Special Tax, which is in addition to the regular property taxes and any other charges, fees, Special Taxes and benefit assessments on the parcel. It is imposed on this property because it is a new development and may not be imposed generally upon property outside of this new development. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property.

YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

The property you are purchasing (the "Property") is within City of San Luis Obispo Community Facilities District No. 2019-1 San Luis Ranch, (the "CFD") and is subject to Annual Special Taxes levied pursuant to the Notice of Special Tax Lien and the Rate and Method of Apportionment (RMA) of the CFD which will be recorded against the Property.

- (1) **Maximum Annual Special Tax:** Pursuant to the RMA, the Fiscal Year 2022-23 Maximum Annual Special Tax which may be levied by the CFD against the Property to pay for Public Facilities during such Fiscal Year shall be based on Residential Use and Square Footage as shown in Table 1A below.

**Table 1A**

<b>Residential Uses - High Density Residential (HDR)</b>	<b>FY 2022-2023 Maximum Annual Special</b>
Townhome Market Rate Units (Lots 5, 6 and 7)	\$2,069.46 per Unit
Condominium Market Rate Units (Lots 1 and 2)	\$1,733.90 per Unit
Efficiency Market Rate Units (Lots 3 and 4)	\$1,299.85 per Unit
Workforce/Affordable Units	\$0.00 per Unit

- (2) **Annual Increase:** The Special Tax amount will increase annually by two percent (2%) each Fiscal Year.
- (3) **Term of Special Tax:** The Special Tax will be levied and collected for as long as it is needed to pay Annual Costs; however, in no event shall the Special Tax be levied on any Parcel in the CFD after Fiscal Year 2062-63.
- (4) **Facilities:** The authorized Facilities which will be paid for by the Special Taxes, include but are not limited to the improvements of transportation, potable and non-potable water system, drainage system, wastewater system, solid waste, park and corridor, open space, utility as well as the formation, administrative and incidental expenses.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION WHICH AUTHORIZED CREATION OF THE CFD, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE CITY OF SAN LUIS OBISPO COMMUNITY DEVELOPMENT SERVICES BY CALLING (805) 731-7109. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON, OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL, BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_\_

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_\_



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### B. 1915 Bond Act Assessment Districts:

If the Residential Property is within a 1915 Bond Act Assessment District, this Assessment District will have issued bonds to finance the acquisition or construction of certain public improvements that are of direct and special benefit to all real property within the Assessment District. The bonds will be repaid from annual assessment installments against all the properties within the Assessment District.

Annual assessment installments of such an Assessment District will appear on the real property tax bills and are in addition to the ad valorem property taxes and any other charges and levies that will be itemized on the property tax bill. If the assessment installments are not paid when due each year, the Residential Property may be foreclosed upon and sold.

If the Residential Property is within a 1915 Bond Act Assessment District, the annual assessment installment against the Residential Property and the public facilities that are being financed by the proceeds from the sale of bonds that are being repaid by the assessments will be indicated below.

THE BUYER SHOULD TAKE ANY ASSESSMENT(S) AND THE BENEFITS FROM THE PUBLIC FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THE RESIDENTIAL PROPERTY.

This property **IS NOT SUBJECT TO** 1915 Bond Act Assessment Districts

## PART 2. ACCELERATED FORECLOSURE INFORMATION

Certain assessment or bond issues may contain the right to accelerated foreclosure as part of the security for the obligation. The right to accelerated foreclosure may provide priority over other real property taxes. The issuers of such bonds are contractually required to monitor and collect delinquent assessments quickly. Accordingly, these assessments are not subject to the five (5) year waiting period applicable to the foreclosure of ad valorem real property taxes. If a parcel of real property is subject to such an assessment and the taxes are not paid promptly, the real property may be foreclosed upon and sold at public auction on an expedited basis. **Therefore, it is extremely important that the real property tax bill be paid on time to prevent accelerated foreclosure of any such assessment.**

If the Residential Property is subject to an assessment or bond issue with an accelerated foreclosure lien, the detailed information is disclosed below.

### A. Mello-Roos Community Facilities Districts

This property **IS SUBJECT TO** a Mello-Roos Community Facilities Districts containing an accelerated foreclosure provision.

**Refer to Part 1 or accompanying Notice of Special Tax for more information regarding the Mello-Roos Community Facilities Districts affecting this property.**

### B. 1915 Bond Act Assessment Districts

This property **IS NOT SUBJECT TO** a 1915 Bond Act Assessment District Tax containing an accelerated foreclosure provision.



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**PART 3. ESTIMATED PROPERTY TAX CHARGES**

The following information is provided as an overview of charges related to the property tax bill for the Residential Property. A property tax bill consists of various taxes, levies and assessments. Ad valorem taxes are based on a properties assessed value while fixed levies and special assessments are based on set amounts or benefit to the property. This information can change as a result of future voter approved legislation. Upon sale of the property, the assessor will reappraise the property which will result in a change to the properties assessed value and ad valorem tax amount. *See Part 3B for estimating property taxes after sale.*

**A. Estimated Subject Property Tax Rate – TRACT 3150 / Lot 6/40**

The following is a listing of various levies and assessments that will appear on the tax bill for the Residential Property. The information provided is based on county records for the 2022/2023 tax year.

**Property is located in Tax Rate Area 003-017**

	AGENCY	TYPE	TAX RATE (% OF PROJECTED SALES PRICE)
<b>AD VALOREM TAX ASSESSMENTS</b>			
(a)	GENERAL 1% TAX RATE	Prop 13 Tax Rate	1.000000%
(b)	STATE WATER PROJECT	Water Bond	0.004000%
(c)	SAN LUIS COASTAL USD 2014 BOND	School Bond	0.035000%
(d)	CUESTA CCD 2014 BOND	College Bond	0.019250%
<b>TOTAL AD VALOREM TAX RATE (FY 2022-23)</b>			<b>1.058250%</b>
<b>DIRECT LEVIES (SPECIAL TAXES &amp; ASSESSMENTS, FIXED CHARGES, ETC.)</b>			<b>ESTIMATED LEVY AMOUNT</b>
(e)	CITY OF SAN LUIS OBISPO CFD NO. 2019-1 (SAN LUIS RANCH)	Mello-Roos CFD	\$2,069.46*
<b>TOTAL ESTIMATED DIRECT LEVIES (FY 2022-23)</b>			<b>\$2,069.46*</b>

*\*Estimated Special Tax Rate is based on a High-Density Residential Townhome Market Rate Unit. See Notice of Special Tax for additional information.*

**Footnotes:**

- (a) Represents the general tax rate of 1% of assessed value (usually based on the sale price of the property)
- (b) Represents the 2022-2023 tax rate debt service and repayment of State Water Project voter approved bonds
- (c) Represent the 2022-2023 tax rate for debt service and repayment of San Luis Coastal Unified School District voter approved general obligation bonds series 2014
- (d) Represents the 2022-2023 tax rate for debt service and repayment of Cuesta Community College District voter approved general obligation bonds series 2014
- (e) Represents the projected 2022-2023 Maximum Annual Special Tax for City of San Luis Obispo Community Facilities District No. 2019-1 (San Luis Ranch) (See Notice of Special Tax for more information)



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### B. Calculating Property Taxes After Sale (Estimate Only)

#### Property Tax Estimator

The following calculation method is provided to assist Buyer in *ESTIMATING* the approximate amount of future property tax charges that may be levied against the property based on the assessed valuation being equal to the sales price. The amount derived is only an estimate and is not a substitute for a tax bill from the County, nor does it anticipate new property tax charges, fees or other changes in the property tax rates for the new tax year. Please see Section D below for general information about Ad Valorem Taxes.

1	Estimated Sales Price .....	•	1	\$ _____
2	Estimated Ad Valorem Tax Rate .....	•	2	<b>0.01058250</b>
3	Multiply line 1 by line 2. This is your Estimated Ad Valorem Tax.....	•	3	\$ _____
4	Direct Levies, Special Taxes and Assessments .....	•	4	<b>\$2,069.46 (See Page 5 for Details)</b>
5	Add lines 3 and 4. Total Estimated Annual Tax Amount After Sale .....	•	5	\$ _____

The information in this Section B is an estimate only. The purpose of this "ESTIMATOR" is to assist Buyer in planning for property taxes which will be applicable after the Sale Date. This "ESTIMATOR" requires the Buyer's projection of the purchase price of the Residential Property. Please note that potential exemptions and exclusions are not reflected in this estimate. FANHD is not responsible or liable for any losses, liabilities or damages resulting from use of this Property Tax Estimator.

### C. Exemptions & Exclusions To Ad Valorem Taxes

California law provides certain exemptions from reassessments. The following is a list of common exemptions which may be available:

- Homeowner exemption (Calif. Const. Art XIII, §3, Art. XIII A §2.1, & R&T Code §218)
- Honorably discharged veterans (Calif. Const. Art XIII §3, Art. XIII A §2.1, & R&T Code §205)
- Disabled veterans (Calif. Const. Art XIII §4, Art. XIII A §2.1, & R&T Code §205)

California law also provides certain exclusions from reassessment. The following is a list of common exclusions which may be available:

- Persons over 55 years of age (Calif. Const. Art. XIII A §2.1 & R&T Code §69.5)
- Severely and permanently disable persons (Calif. Const. Art. XIII A §2.1 & R&T Code §69.5(a))
- Transfers between parents and children, grandparents and grandchildren (Calif. Const. Art. XIII A §2.1 & R&T Code 63.1)
- Transfers into revocable trusts (Calif. Const. Art. XIII A §2 & R&T Code §62)
- Interspousal transfers (Calif. Const. Art. XIII A §2 & R&T Code §63)
- Improvements for seismic retrofitting (Calif. Const. Art. XIII A §2 & R&T Code §74.5)
- Improvements for disabled access (Calif. Const. Art. XIII A §2.1 & R&T Code §74.3)
- Replacement of property damaged or destroyed by disaster (Calif. Const. Art. XIII A §2.1 & R&T Code § 69)

In order to determine if Buyer may qualify for any exemptions or exclusions or to obtain a comprehensive list of available exemptions and exclusions, please contact the county tax assessor's office (530) 889-4300 or visit the county website at <https://www.slocounty.ca.gov/Departments/Assessor.aspx>. Additional information is also available on the website for the California Board of Equalization at [www.boe.ca.gov](http://www.boe.ca.gov).



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### D. General Information Regarding Ad Valorem Taxes

County assessors must value property in accordance with the California Constitution and the California Revenue & Taxation Code and related laws and regulations.

**"Full cash value"**, also known as "market value" or "fair market value," means the amount of cash or its equivalent which property would bring if exposed for sale in the open market.

A property's **"base year value,"** for real property assessed under Proposition 13, is the property's full cash value as of the date of the latest change in ownership or completion of new construction.

An **"adjusted base year value"** (sometimes also referred to as the "factored base year value") is the property's base year value adjusted by an annual inflation factor, not to exceed two percent (2%) per year.

**"Taxable value"** is the value upon which the base property taxes are calculated. For most real property, this is the adjusted base year value or the property's current market value, whichever is lower.

The **assessment roll** is the official list of all assessable property in the county.

The **lien date** is the date of valuation for all property. Annually, the taxable status and value of property is determined as of 12:01 a.m. on January 1. The fiscal tax year runs from July 1 to June 30.

**Proposition 13** limits the general property tax rate to one percent (1%) of the assessed value, plus an amount for the debt service on any bonds approved by popular vote. The tax rate will vary depending upon where the property is located.

## PART 4. SUPPLEMENTAL TAX INFORMATION

### A. General Information Regarding Supplemental Taxes

California law mandates the county assessor to reappraise real property upon a change in ownership or completion of new construction. The assessor's office issues a supplemental assessment which reflects the difference between the prior assessed value and the new assessment. This value is prorated based on the number of months remaining in the fiscal tax year which ends June 30.

Notices of the supplemental assessment are mailed out to the property owner prior to the issuance of either (a) the supplemental tax bill, or (b) the refund if the value is reduced. Any supplemental taxes are amounts due in addition to the regular annual tax bill.

Any supplemental taxes will be due from the current owner in addition to the regular tax assessment. For the first year of ownership, Buyer should plan for this additional payment.



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**B. Supplemental Tax Disclosure**

The following notice is mandated by California Civil Code Section 1102.6c:

**NOTICE OF YOUR 'SUPPLEMENTAL' PROPERTY TAX BILL**

**TRACT 3150 / LOT 6/40**

**"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 Assessor's Office at:**

**Tax Assessor: San Luis Obispo County Government Center  
Address: 1055 Monterey Street, Room D-360, San Luis Obispo CA 93408  
Phone Number: (805) 781-5643  
Website: <https://www.slocounty.ca.gov/Departments/Assessor.aspx>**

**THE PURCHASER OF THE ABOVE REFERENCED PROPERTY HEREBY ACKNOWLEDGES THAT PURCHASER HAS READ, UNDERSTOOD AND RECEIVED THIS NOTICE.**

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_

Buyer/Transferee Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_

**PART 5. STATE RESPONSIBILITY AREA FIRE PREVENTION FEE**

In 2011, the California Legislature and Governor enacted a "Fire Prevention Fee" on habitable structures in the State's wildland fire responsibility area ("SRA"). The yearly fee, levied on property owners, paid for various activities to prevent and suppress wildfires in the SRA, and was most recently at the rate of \$152.33 per habitable structure on the property.

**Effective July 1, 2017, as authorized by Assembly Bill 398 and signed by the Governor, that fire prevention fee is suspended until 2031.**

The fire prevention activities supported by the fee will continue, but instead will be funded through a different State program – one aimed at curbing industrial emissions of carbon dioxide (also known as California's "cap-and-trade" program). For more information, please refer to the text of the Assembly bill at the following link:

[http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180AB398](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB398)





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### PART 6. TERMS AND CONDITIONS

**ACCEPTANCE OR USE OF THIS REPORT, CONSTITUTES APPROVAL AND ACCEPTANCE OF THE TERMS, CONDITIONS, AND LIMITATIONS STATED HEREIN.**

#### **A. No Third Party Reliance on this Report**

A contract is formed with FANHD, **only** upon receipt by FANHD of payment of the full price of the Report. This Report cannot be relied upon (a) by any persons or entities other than the Parties, (b) for any other real property, or (c) for any future transactions involving the Property. The price paid for the Report does not include any amounts for protection of such other parties.

#### **B. Limitations on FANHD'S Liability**

1. FANHD is not responsible for:
  - Any inaccuracies or incompleteness of the information in the Public Records.
  - Inaccurate address information provided for the Property.
  - Any other information not contained in the Public Records as of the Report Date.
  - Any special taxes or assessments that have not been formed as of the Report Date.
  - Any information which would be disclosed by a physical inspection of the Property.
  - Any information known by one of the Parties.
2. Except as otherwise expressly set forth in these Terms and Conditions, FANHD's total liability and responsibility to all Parties collectively for any and all liabilities, causes of action, claim or claims, including but not limited to claims for breach of contract or negligence, shall be for actual proven damages only caused directly by FANHD's error up to a maximum of \$10,000. FANHD expressly disclaims any liability for Parties indirect, incidental and/or consequential damages, including without limitation lost profits even if such damages are foreseeable. In the event of any error, omission or inaccuracy in the FANHD Report for which FANHD is liable, FANHD shall have no duty to defend or pay any attorneys' fees, costs or expenses incurred by the Parties, or any of them. The Parties, and each of them, expressly waive the benefits of California Civil Code Section 2778.

**C. FISCAL TAX YEAR INFORMATION.** The Ad Valorem Tax Rates and the Direct Levies and/or Assessments included in this report are based on the fiscal year or tax year indicated in Part 3 of the report. Ad Valorem Tax Rates and Direct Levy Amounts may increase or decrease in future tax years. Additionally, new Ad Valorem Taxes or Direct Levies and/or Assessments that are formed or authorized after the report date are not included in this report unless specifically noted in Part 3.

#### **D. SELLER AND SELLER'S AGENT'S RESPONSIBILITY OF FULL DISCLOSURE**

Sellers of real property and their Agents should always fully disclose all material facts regarding the real property which they are selling. Regardless of the information in this Report, if Seller or Seller's Agent has any actual knowledge of tax information potentially affecting the Residential Property, that information should be promptly disclosed in writing to the Buyer and the Buyer's Agent.

**E. Governing Law.** The Report shall be governed by, and construed in accordance with, the laws of the State of California.

**F. Small Claims or Arbitration.** The arbitration will take place in the same county in which the property covered by the Report is located. This provision constitutes an agreement to arbitrate disputes on an individual basis. Any party may bring an individual action in small claims court instead of pursuing arbitration. All disputes and claims arising out of or relating to the Report must be resolved by binding arbitration. This Report to arbitrate includes, but is not limited to, all disputes and claims between FANHD, Transferor(s) and Transferee(s) and claims that arose prior to purchase of the Report. This agreement to arbitrate applies to Transferor(s) and Transferee(s) successors in interest, assigns, heirs, spouses, and children. As noted above, a party may elect to bring an individual action in small claims court instead of arbitration, so long as the dispute falls within the jurisdictional requirements of small claims court.



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Any arbitration must take place on an individual basis, FANHD, Transferor(s) and Transferee(s) agree that they are waiving any right to a jury trial and to bring or participate in a class, representative, or private attorney general action, and further agree that the arbitrator lacks the power to consider claims for injunctive or declaratory relief, or to grant relief effecting anyone other than the individual claimant.

The arbitration is governed by the Commercial Arbitration Rules and the Supplementary Procedures for Consumer Related Disputes the "AAA Rules") of the American Arbitration Association ("AAA"), as modified by this Agreement, and will be administered by the AAA. Company will pay all AAA filing, administration and arbitrator fees for any arbitration it initiates and for any arbitration initiated by another party for which the value of the claims is \$75,000 or less, unless an arbitrator determines that the claims have been brought in bad faith or for an improper purpose, in which case the payment of AAA fees will be governed by the AAA Rules. **A COPY OF THESE RULES IS AVAILABLE FROM THE AAA'S WEB SITE AT [WWW.ADR.ORG](http://WWW.ADR.ORG) OR ON REQUEST FROM THE COMPANY. THE ARBITRATION AWARD MAY INCLUDE ATTORNEY'S FEES IF ALLOWED BY FEDERAL, STATE, OR OTHER APPLICABLE LAW AND MAY BE ENTERED AS A JUDGMENT IN ANY COURT OF PROPER JURISDICTION.**

The arbitration will take place in the same county in which the property covered by the Report is located. The Federal Arbitration Act will govern the interpretation, applicability and enforcement of this arbitration agreement. This arbitration agreement will survive the termination of this Report.

**G. Severability.** If any provision of the Terms and Conditions to this Report is determined to be invalid or unenforceable for any reason, then such provision shall be treated as severed from the remainder of the Terms and Conditions, and shall not affect the validity and enforceability of all of the other provisions of the Terms and Conditions.

### **H. Other Agreements.**

This Report sets forth the complete, integrated agreement between FANHD and the Parties. Evidence of prior or contemporaneous statements, representations, promises or agreements shall not be admissible to vary the terms of this written agreement. This agreement may not be changed or amended except by a written document signed by an authorized representative of FANHD and the Parties. In the event that any dispute arises between FANHD and any Parties arising out of or relating to this Report or its subject matter, or any act or omission of FANHD, the prevailing party shall be entitled to recover his, her or its reasonable costs, including attorneys' fees, from the losing party.

If any provision of this Report, or its application to any circumstance, is held to be invalid, unenforceable, or void, the remainder of this Report shall remain in full force and effect and enforced to the fullest extent possible.

**END OF REPORT**