

Department of Real Estate
of the
STATE OF CALIFORNIA

FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT

In the matter of the application of

DUNES 5, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

FILE NO.: 143708LA-A02

ISSUED: JUNE 08, 2015

RENEWED: NOVEMBER 04, 2021

EXPIRES: NOVEMBER 03, 2026

for an Amendment on

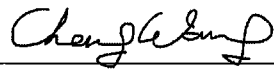
TRACT NO. 26196

“5 AT BERMUDA DUNES”

(LOTS 4 THROUGH 8)

RIVERSIDE COUNTY, CALIFORNIA

DEPARTMENT OF REAL ESTATE

by 
Signature
CHENG WANG
Printed Name

CONSUMER INFORMATION

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

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

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

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

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

**COMMON INTEREST DEVELOPMENT
GENERAL INFORMATION**

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

RE 646 (Rev. 1/20)

THIS REPORT COVERS ONLY LOTS 4 THROUGH 8, INCLUSIVE OF TRACT NO 26196.

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPH(S) BELOW ENTITLED: EASEMENTS, FINANCING, MANAGEMENT AND OPERATION, SOILS AND GEOLOGIC CONDITIONS, UTILITIES AND OTHER SERVICES AND USES/ZONING/HAZARD DISCLOSURES.

NOTE: IN ADDITION TO THESE AREAS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING SECTIONS SET FORTH IN THIS FINAL 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.

PRELIMINARY SUBDIVISION PUBLIC REPORT: IF YOU HAVE RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL 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 FINAL PUBLIC REPORT.

OVERVIEW OF SUBDIVISION

Location: This subdivision is located in Riverside County at 42821, 42787, 42758, 42792 & 42826 Rachel Court approximately 500 feet from the City of La Quinta.

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 amenities which will be maintained by two incorporated owners associations.

Interests to Be Conveyed: You will receive fee title to a specified Lot together with a membership in the Bermuda Dunes Community Association ("Community Association") and a membership in the Bermuda Dunes Security Association ("Security Association") (collectively "Associations"), and rights to use the common area.

About This Phase: This public report is for the 6th and final phase of the subdivision which consists of approximately 4.86 acres divided into 13 Lots in addition to the common area lot B. This public report covers the 5 remaining unsold Lots.

This development is a planned development consisting of 13 lots of which 8 lots were previously conveyed to individual buyers. The lots were annexed in 2003 and are subject to the control of the Bermuda Dunes Community Association, which has authority over the architectural standards within the subdivision, and the Bermuda Dunes Security Association, which has authority over the private streets, gates and perimeter walls within the subdivision. The assessments have commenced.

Common Amenities and/or facilities consisting of an asphalt concrete street, a 6" wrought iron pedestrian gate, a 6' masonry wall, cement wall, drainage basin and system has been constructed on the common area and common easement areas in this phase.

This phase is part of a total subdivision which, if developed as proposed, will consist of a total of 6 phases containing 532 lots within the overall projected subdivision.

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 OR CONDOMINIUM UNITS 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 SUBDIVISION LOTS, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

NOTE: WHEN YOU SELL YOUR 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).

Completion of Common Area: The common area improvements, and facilities in this phase, which consists of a private street on Lot B, was completed and conveyed to the Security Association in September 2017.

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 Declaration(s) (the CC&Rs, Bylaws, Articles,

Supplementary Declaration (s) and rules and regulations and design/architectural guidelines may hereinafter be referred to as the "**Governing Documents**"). You should review each of these documents carefully.

Existing Associations: SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES ARE MAINTAINED BY THE ASSOCIATIONS, THE ASSOCIATIONS MUST HOLD ELECTIONS OF THE ASSOCIATIONS' GOVERNING BODIES IN ACCORDANCE WITH THEIR RESPECTIVE GOVERNING DOCUMENTS. THE ASSOCIATIONS MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE ASSOCIATIONS' RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 OF THE CIVIL CODE.

The CC&Rs: This subdivision is subject to the following CC&Rs recorded in the Office of the Riverside County Recorder:

1. Declaration of Protective Restrictions Bermuda Golf Club Estates Unit No. 3 recorded March 10, 1959 as Instrument No. 19707.
2. Master Amendment to Declaration of Protective Restrictions Bermuda Golf Club Estates Unit Nos. 1, 2, 3, 5, 7 and Tract Nos. 2606 and 2681 recorded May 16, 1989 as Instrument No. 157915.
3. Supplemental Declaration of Protective Restrictions for Bermuda Golf Club Estates Unit No. 3 and Notice of Annexation to Bermuda Dunes Community Association and Bermuda Dunes Security Association ("Agreement") recorded on August 6, 2003 as Instrument No. 2003-597404, First Amendment to Supplemental Declaration of Protective Restrictions for Bermuda Golf Club Estates Unit No. 3 and Notice of Annexation to Bermuda Dunes Community Association and Bermuda Dunes Security Association recorded August 18, 2014 as Instrument No. 2014-0311572, and Second Amendment to Supplemental Declaration of Protective Restrictions for Bermuda Golf Club Estates Unit No. 3 and Notice of Annexation to Bermuda Dunes Community Association and Bermuda Dunes Security Association recorded April 1, 2015 as Instrument No. 2015-0130467. The Agreement provides in part as follows (capitalized terms are defined in the Agreement):

Whereas upon recordation of this Agreement, the Annexable Area shall be subject to the control of the Community Association, which has authority over the architectural standards within the Subdivision, and by the Security Association, which has authority over the private streets, gates and perimeter walls within the Subdivision and Project.

Effective Governing Documents. The parties hereto agree that upon full execution of this Agreement, the Annexable Area is hereby annexed into the Subdivision and Project and subject to the respective Governing Documents of both the Community Association and Security Association.

- a) For purposes of the Community Association, the terms Governing Documents shall mean that certain Declaration of Protective Restrictions recorded on March 10, 1959 as Instrument No. 19707, its Bylaws, Rules and Regulations, Architectural Guidelines and Enforcement Procedure, and any applicable supplements or amendments thereto.
- b) For purposes of the Security Association, the terms Governing Documents specifically references its Articles of Incorporation; Bylaws; Master Amendment to Declarations of Protective Restrictions for Bermuda Golf Club Estates Unit Nos. 1, 2, 3, 5, 7, and Tract Nos. 2606 and 2681 (recorded as Instrument No. 157915, on or

about April 12, 1989); Rules and Regulations; and any applicable supplements or amendments thereto.

- c) The Joint Committee's rules, regulations and enforcement procedures for Vehicular Restrictions. (The Joint Committee is a committee established jointly by the Security and Community Associations and has been delegated the responsibility from both Associations to regulate and enforce all vehicular restrictions including, but not limited to, parking regulations.)

Your attention is also directed to the following sections of and exhibits to the above referenced Agreement: Section 8, Architectural Control and Development of Residential Units/Lots, Section 9, Assessments, Exhibit C, Architectural Guidelines, and Exhibit D, CC&Rs Provisions Related to Parking.

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

Documents to be Furnished: THE SUBDIVIDER STATED THAT 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 STATED THAT HE WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE CONDOMINIUM PLAN.

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

THE SUBDIVIDER SHALL MAKE A COPY OF THE ARTICLES, THE BYLAWS, AND THE CC&RS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A 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 copies of the Community Association's and the Security Association's current adopted budgets for the maintenance and operation of the Associations' obligations and for long-term reserves and a cost center budget for drainage basin maintenance that is applicable to the lots in this phase. These budgets were reviewed by the Bureau of Real Estate in October 2021. You should obtain copies of the budgets from the subdivider.

Under the Community Association budget, the monthly assessment against each lot is \$8.34, of which \$0.17 is a monthly contribution to long-term reserves, and is not to pay for current management, maintenance and operating expenses.

Under the Security Association budget, the monthly assessment against each lot is \$151.00, of which \$77.04 is a monthly contribution to long-term reserves, and is not to pay for current management, maintenance and operating expenses.

The Delinquency Statement for the Bermuda Dunes Security Association dated 07/21/2021 shows the HOA's delinquencies are 2.6% (\$85,709.03) of the scheduled income. The Declarant (Dunes 5, LLC) is current on assessments.

The Delinquency Statement for the Bermuda Dunes Community Association dated 07/21/2021 shows the HOA's delinquencies are 121.9% (\$146,782.67) of the scheduled income. The Declarant (Dunes 5, LLC) is current on assessments.

BUDGET NOTES: AS OF THE DATE OF THIS BUDGET REVIEW, THE DELINQUENCY/AGING REPORT FOR THIS HOMEOWNERS ASSOCIATION REFLECTS DELINQUENCIES WHICH EXCEED 10% OF THE TOTAL ASSESSMENT INCOME AS SET FORTH IN THE CURRENT BUDGET FOR THE ASSOCIATION. IT IS STRONGLY SUGGESTED THAT YOU REQUEST TO BE PROVIDED WITH INFORMATION ABOUT THE AMOUNT OF ANY DELINQUENT ASSESSMENTS THAT MAY BE OWED TO THE ASSOCIATION BEFORE YOU MAKE A COMMITMENT TO PURCHASE A HOME. IF THERE ARE SUCH DELINQUENCIES, THE ASSOCIATION MAY NOT HAVE SUFFICIENT FUNDS TO PROPERLY OPERATE AND MAINTAIN ITS FACILITIES AND ACCUMULATE NEEDED RESERVES TO REPLACE AND REPAIR COMMON AREAS. THEREFORE, IT IS HIGHLY PROBABLE THAT THE ASSOCIATION MAY DECIDE TO IMPOSE A SPECIAL ASSESMENT AGAINST ITS MEMBERS AND/OR INCREASE THE AMOUNT OF THE REGULAR ASSESSMENT ITS MEMBERS ARE REQUIRED TO PAY.

A reserve study was completed by Association Reserves on 08/12/2019 for the Bermuda Dunes Community Association. A reserve study was completed by Association Reserves on 08/26/2019 for the Bermuda Dunes Security Association.

The Assessment and Reserve Funding Disclosure Summary for fiscal year beginning 01/01/2021 for the Bermuda Dunes Community Association indicates the projected reserve fund balance is \$288,306.00, resulting in reserves being 138.1% funded (100% = Ideal). The Assessment and Reserve Funding Disclosure Summary for fiscal year beginning 01/01/2021 for the Bermuda Dunes Security Association indicates the projected reserve fund balance is \$2,715,760.00, resulting in reserves being 67.4% funded (100% = Ideal).

The Bermuda Dunes Community Association bank statements dated 06/30/2021 reflect an operating account balance of \$118,691.60 and a reserve account balance of \$181,773.84. The Bermuda Dunes Security Association bank statements dated 06/30/2021 reflect an operating account balance of \$455,804.41 and a reserve account balance of \$3,354,168.69.

According to the Subdivider, assessments under the interim budget should be sufficient for proper management, maintenance and operation of Association obligations until the subdivision is completed at which time it may be anticipated that assessments will be adjusted.

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

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

Budget Information Provided by Subdivider: DELINQUENCIES IN THE PAYMENT OF ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ANY 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.

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 Associations have commenced on all in this phase. The Subdivider must pay assessments to the Association for all unsold lots in this phase (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.

Capital Contribution: In addition to assessments, purchasers must make an Initial Capital Contribution to the Associations in order for the Association to have sufficient "start-up" funds for operating the Common Area. Section 9 of the Agreement referenced above in "The CC&Rs" section of this Public Report provides that Working Capital Assessments ("Capital Contribution") are due upon the close of escrow to a retail purchaser of any lot within the Annexable Area, in the amount of Two Hundred Fifty **(\$250.00)** to both the Security Association and to the Community Association. Per the terms included in the subdivider's/seller's purchase agreement/contract and escrow instructions.

USES/ZONING/HAZARD DISCLOSURES

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

Zoning

North: Bermuda Dunes Airport
East: Vacant Land
South: Residential Golf Course
West: Residential Golf Course

Uses: The subdivider advises that one of the current uses of property surrounding the subdivision is that the Bermuda Dunes Airport is located 0.3 miles to the northwest.

Hazards: The subdivider advises that the following hazards exist within or near this subdivision:

- California Freeway 10 is located 0.4 miles northeast of the subdivision.

The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *Very High Fire Hazard Severity Zone*. Additionally, the subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Government Code Section 51183.5.

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.

Notice of Airport in Vicinity: This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Business and Professions Code Section 11010(b)(13)(B) provides an "airport influence area", also known as an "airport referral area", is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

Civil Code Section 4255 provides an "airport influence area", also known as an "airport referral area", is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

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

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

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.

Additionally the preliminary report shows title, among other things, to be subject to:

Provisions of the dedication statement on the map of Tract No. 26196:

1. Environmental constraint sheet affecting this map is on file in the County Transportation Department Survey Division in Book 33, Page 9.
2. We hereby retain Lot B, Rachel Court, indicated as "Private Street" for private use for the sole benefit of ourselves, our successors, assignees, and lot owners within this tract.
3. Drainage easements shall be kept free of all buildings and obstructions.

Terms, provisions and conditions contained in the document entitled "Domestic Water and/or Sanitation System Installation Agreement" recorded December 28, 2004 as Instrument No. 2004-1027139 of Official Records.

Water rights, claims or title to water, whether or not disclosed by the public records.

The terms and provisions contained in the document entitled "Notice of Non-Adversarial Procedure under Civil Code Section 912(f)" recorded March 11, 2014 as Instrument No. 2014-0089219 of Official Records.

The terms and provisions contained in the document entitled "Easement Agreement for Maintenance Areas" recorded February 13, 2015 as Instrument No. 2015-0060840 Official Records. Affects Lots 5, 6 and 7

Easements: basin, drainage and water line, water line, private drainage, pipeline, ingress and egress for emergency vehicles, right-of-way and other purposes are shown on the title report and Subdivision Map recorded on October 30, 2002 in the Office of the Riverside County Recorder, Book 325 of Maps, Pages 81 through 82.

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

TAXES

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

For the purchaser of a 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 two special districts/special assessment districts and is subject to any taxes, assessments and obligations thereof.

- Coachella Valley Mosquito and RIFA District - \$1.78
- Desert Recreation District AD 01-1 Indio - \$18.90

FINANCING

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

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

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

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

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

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

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

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

PURCHASE MONEY HANDLING

The subdivider must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you, except for such amount as the subdivider has covered by furnishing a bond to the State of California. [Refer to Business and Professions Code Sections 11013.4(a).]

If the escrow has not closed on your lot within one (1) year of the date of your purchase contract, 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.

SOILS AND GEOLOGIC CONDITIONS

Soils and geologic information is available at:

County of Riverside Planning Department
4080 Lemon Street
Riverside, California 92502

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

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

UTILITIES AND OTHER SERVICES

Water: Myoma Dunes Mutual Water Company will supply water to each lot.

This is a mutual water company. A mutual water company is not subject to supervision or regulation as a public utility company. No public agency has any supervision or control over the management, rates, assessments, charges or conduct of business by a mutual water company.

Usually, you must be a stockholder in the mutual water company in order to be entitled to get water. A stockholder must share in the costs of operation of the water company. A share of stock may be assessed for any amount the management deems necessary for the continuation of the operation of the water company. Through the share, the stockholder has a voice in the management. If a stockholder's vote is one of the minority on the issues of management, individual dissatisfaction may not be easily resolved. The share of stock is appurtenant to the individual lot and may not be disposed of separately.

In a letter dated May 18, 2021 the Myoma Dunes Water Company advised as follows regarding water service for Tract #26196, Rachel Court, La Quinta, CA 92253:

"Resources are sufficient for both normal and fire suppression demands in the area of this tract.

The service lines to deliver potable water for this development have already been put in place. Myoma Water Company will furnish water service to each and every lot of the above referenced subdivision in accordance with current regulations. Meters will need to be installed at each address once applications and applicable fees have been received. New water service applications with backflow protection are to be filed with a deposit in order to start the project."

In a letter dated June 2, 2015 the State Water Resources Control Board Division of Drinking Water (Division) provided a copy of the April 7, 2003 Domestic Water Supply Permit issued to the Myoma Dunes Mutual Water Company (Company) and a Statement of Facts regarding the Company, System No. 3310051. The letter provided in part the following: The Company supplies water meeting all drinking water standards with the exception of hexavalent chromium. On May 18, 2015 the Division issued Compliance Order No. 05-20-15R-002 requiring the Company provide public notification of the hexavalent chromium violation and requiring the Company submit a Corrective Action Plan to return the system to compliance.

The subdivider advises as follows: The Myoma Dunes Mutual Water Company ("Myoma") serves water to the subdivision and must ensure that the water system complies with drinking water standards. Myoma is required to monitor the drinking water for specific inorganic constituents and/or contaminants. Pursuant to the April 7, 2003 Domestic Water Supply Permit issued to Myoma, it was noted that Myoma supplies water that meets all drinking water standards, with the exception of hexavalent chromium levels contained in the water.

On May 18, 2015 the State Water Resource Control Board, Division of Drinking Water issued Compliance Order No. 05-20-15R-002 requiring Myoma to conduct quarterly samples for hexavalent chromium, provide quarterly public notification of any hexavalent chromium level violations, and to submit a Corrective Action Plan on or before July 31, 2015 to return the water system to compliance.

You may continue to drink the water supplied to the subdivision. If a situation arises where the water is no longer safe to drink, you will be notified.

Sewage Disposal: The subdivider advises that the subdivision will be served by public sewers serviced by the Coachella Valley Water District at a current rate of \$24.62 per lot per month.

In a letter dated January 14, 2015 the County of Riverside Department of Environmental Health advised as follows regarding Lots 1 through 8 and 10 through 13 of Tract No. 26196:

This letter will certify that the Riverside County Department of Environmental Health (DEH) will approve construction for each lot under Tract 26196 provided that the following conditions are met prior to the issuance of a building permit:

This subdivision has a statement from Myoma Dunes Mutual Water Company agreeing to serve domestic water to each lot on demand providing satisfactory financial arrangements are completed. Therefore a "WillServe" letter will not be required by this agency.

Municipal sewer is available for this subdivision from Coachella Valley Water District (CVWD). Each home will be required to connect CVWD sewer. On-site septic systems will not be allowed.

Gas: Southern California Edison (800) 655-4555

Electricity: Imperial Irrigation District (800) 303-7756

Telephone: Verizon (888) 591-6076

Fire Protection: The subdivider advises: Primary fire protection service for the subdivision is Riverside County Fire Department, nearest station located 2.3 miles southeast of the subdivision. Secondary fire protection service is La Quinta Fire Department, nearest station located 1.5 miles southwest of the subdivision.

Flood and Drainage Conditions: In a report dated January 13, 2015 the Riverside County Flood Control and Water Conservation District provided the following Flood Zone Determination for Tract 26196:

This letter is in reference to Assessor's Parcel Nos. 606-050-014 through 606-050-026 located on Rachel Court in unincorporated Riverside County. According to the FEMA Flood Insurance Rate Map (FIRM) Panel 06065C-2232G, this parcel is located in unshaded Zone X. FEMA designates unshaded Zone X for areas determined to be outside the 1% and 0.2% annual chance floodplains - minimal risk zones.

Please note that although this location has been determined to have low flooding risk by FEMA, there still

may be localized drainage issues that could result in damage caused by flooding.

Streets and Roads: As of the date that the map recorded all streets providing access to and within the subdivision were completed.

The private streets within this subdivision will be maintained by the Security Association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular assessment.

Schools: This project lies within the Desert Sands Unified School District. This district advises that the schools initially available to this subdivision are the following:

- James Monroe Elementary School (K-5)
42100 Yucca Lane
Bermuda Dunes, California 92203
(760) 772-4135
- Colonel Mitchell Page Middle School (6-8)
43495 Palm Royale Drive
La Quinta, California 92253
(760) 238-9710
- Palm Desert High School (9-12)
74910 Aztec Road
Palm Desert, California 92260
(760) 862-4300

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 W. 4th Street, Suite 350
Los Angeles, CA 90013-1105
(213) 576-6983