

Cantera
Offer Instructions

1. Complete highlighted portions of purchase agreement & attached addenda
 - a. Addendum C (Contingent Sale Addendum) is the only optional addendum. Complete this only if the buyer must sell another property to purchase this property.
 - b. All other addenda must be completed.
2. Have buyer(s) sign
3. Submit the signed agreement to CanteraOffers.KyleWhissel.com

Note:

- All buyers will be required to cross qualify with seller's preferred lender:
Mark Angotta
Guaranteed Rate
619-884-7878
mark.angotta@rate.com

JOINT PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

Cantera

_____ and _____ (collectively and individually "Buyer") makes to HIGH STREET 34 LP, a California limited partnership ("Seller") an offer to purchase the Property described below. Upon Seller's acceptance, Buyer agrees to purchase and Seller agrees to sell the Property to Buyer on the terms and conditions set forth below in this agreement and all attached addenda ("Agreement").

1. **Property.** The real property (the "Property") which is the subject of this Agreement is located in the City of La Mesa, County of San Diego, California, and is commonly known as:

8246 High Street

(Property Street Address)
La Mesa, CA 91941

(City, State and Zip Code)

The Property plan type and elevation shall be Plan Bb, Unit 17, subject to the right of Seller to make changes as set forth below. The Property is more particularly described as:

A condominium located in the City of La Mesa, County of San Diego, in a project commonly known as "Cantera" (the "Project"), and more particularly described as Residential Unit No. 17 and all interests appurtenant to such Residential Unit as shown on that certain Condominium Plan recorded May 6, 2024 as Document 2024-0113490, Official Records of San Diego County, California, as amended from time to time (the "Condominium Plan").

2. **Purchase Price And Estimated Cash Due At Closing.** Buyer shall pay the following purchase price for the Property:

Base Purchase Price \$ _____
Estimated Buyer Closing Costs, Prepaid Expenses and Impounds Due at Closing \$ To be provided by lender
Initial Deposit \$ 2,500
Estimated New Loan Amount \$ _____
Estimated Cash Required Down Payment and Buyer Closing Costs \$ To be provided by lender

3. **Payment Of Purchase Price.** Buyer shall pay the purchase price as follows:

- a. **Initial Deposit.** Seller acknowledges receiving from Buyer the sum of \$ 2,500 ("Purchase Deposit") being a check made payable to Escrow Holder (named in **Paragraph 7** below).
- b. **Balance.** Buyer shall deposit with Escrow Holder the balance of the Purchase Price, in immediately available funds (i.e., wired funds or a cashier's check drawn on a California banking institution), Buyer's closing costs, prepaid expenses and impounds, estimates of which are indicated above, not later than **three (3) business days** prior to the "Closing Date", as defined in **Paragraph 4** below; however, if Buyer will be obtaining a New Loan, the New Loan Amount shall be deposited into escrow in immediately available funds not more than twenty-four (24) hours prior to close of escrow.

4. **Closing Date.** Escrow shall close on or before the date (the "Closing Date") which is five (5) days after Seller notifies Buyer that the Property has been completed pursuant to the terms of Paragraph 18 below. Seller estimates that the Closing Date will occur on or about _____. Seller makes no representation that the estimated Closing Date will be the actual Closing Date, and Buyer acknowledges that due to the variables in the development of the Property and the Project, the date on which escrow will actually close may differ substantially from the estimated Closing Date and may occur before or after the estimated date. If escrow has not closed by twelve (12) months after the date this Agreement is accepted, and if Buyer is not in default under any of the terms of the Agreement, Buyer may elect to terminate this Agreement and escrow pursuant to Paragraph 5 below.

5. **Failure To Close.** If escrow is unable to close on or before the Closing Date (or a later closing date mutually agreed upon by Seller and Buyer), or as soon as possible after the Closing Date (or mutually agreed date) not to exceed **fifteen (15) days** (the "Outside Closing Date"), for any reason other than a default by Buyer then **fifteen (15) days** after the Outside Closing Date, Seller shall order all of Buyer's deposits to be refunded to Buyer, without deduction except for disbursements made or payable therefrom to third parties in accordance with **Paragraph 29(e)** below, escrow shall be

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canceled at Seller's expense and the parties shall have no further rights or obligations with respect to the Property under this Agreement. If escrow does not close due to a failure of Buyer to perform his or her obligations under this Agreement, the Buyer shall be in default and Seller may terminate this Agreement and cancel the escrow as provided in **Paragraph 21**.

6. **Financing. [Check One]:**

- Financing Required:** Buyer will apply, qualify for and obtain financing sufficient to close escrow in the approximate sum stated above (the "New Loan" or the "New Loan Amount"); or
- Financing Not Required:** Buyer will provide verification of cash funds within seven (7) days of acceptance and close escrow without obtaining a loan.

If "Financing Required" has been checked, Buyer shall use his or her best efforts to qualify for and obtain institutional financing. In particular:

a. **Buyer To Obtain Loan Qualification or Apply For The New Loan Within Seven (7) Days.** Within **SEVEN (7) days** after Buyer signs this Agreement, Buyer shall submit to Mark Angotta with Guaranteed Rate ("Guaranteed Rate Mortgage") a completed loan application for the New Loan together with all other information and all fees required by such lender.

b. **Buyer To Pursue Obtaining The Loan.** Buyer shall take all steps appropriate to allow prompt processing of the application for the New Loan. For example, and without limitation, Buyer shall fully respond to any requests by the applicable lender(s) for documents or additional information within **THREE (3) calendar days** after such request is made.

c. **Buyer To Obtain Loan Approval. [check appropriate box]:**

- [Check if the Closing Date is **less than sixty (60) days** after the date Buyer signed this Agreement]. Buyer shall deliver to Seller, within **fifteen (15) days** after the date Buyer has signed this Agreement, evidence satisfactory to Seller that Buyer has obtained final loan approval for the New Loan Amount from Guaranteed Rate Mortgage;
- [Check if the Closing Date is **more than sixty (60) days** after the date Buyer signed this Agreement]. Buyer shall deliver to Seller, within **fifteen (15) days** after the date Buyer has signed this Agreement, satisfactory evidence that Buyer and the Property have qualified and been approved by Guaranteed Rate Mortgage for the New Loan and Buyer shall deliver to Seller, within **forty-five (45) days** prior to the Closing Date, final loan approval for the New Loan Amount from Guaranteed Rate Mortgage.

d. **Additional Lenders.** Should Buyer wish to apply to a lender in addition to Guaranteed Rate Mortgage, Buyer may do so provided that Buyer also complies with the requirements set forth in this **Paragraph 6** with respect to Guaranteed Rate Mortgage. The lender who will actually make the New Loan is referred to as the "Lender".

e. **Diligence After Loan Approval.** After approval of Buyer's loan application by the Lender, Buyer shall diligently comply with each of the requirements of the Lender necessary to close escrow by the Closing Date or Buyer shall be in default hereunder and Seller may terminate this Agreement and cancel escrow in accordance with **Paragraph 21(a)** below. Should the Lender designated by Buyer (i) not be Guaranteed Rate Mortgage and (ii) should the Lender designated by Buyer fail or refuse to make the New Loan, Buyer agrees to designate Guaranteed Rate Mortgage to replace the Lender designated by Buyer and Buyer shall thereafter comply with each requirement of Guaranteed Rate Mortgage necessary to close escrow by the Closing Date.

f. **Seller's Right To Terminate.** In the event Buyer fails to use his or her best efforts to qualify for and obtain financing as described above or fails to comply with the above time limits or takes any act to prevent loan approval, Buyer shall be in default and Seller may terminate this Agreement and cancel escrow in accordance with **Paragraph 21(a)** below. No act or omission by Seller shall be deemed a waiver of its right to later terminate this Agreement for Buyer's failure to diligently pursue or obtain financing within the time periods described in this Paragraph. Further, notwithstanding the time periods stated in this Agreement for Buyer to qualify for and obtain preliminary or final loan approval, in the event Seller, in its sole discretion, determines at any time prior to the expiration of **thirty (30) days** after Buyer's execution of this Agreement, that it is improbable that Buyer will be able to obtain financing in a timely manner, then Seller may terminate this Agreement and cancel escrow in accordance with **Paragraph 21(b)** below.

g. **Buyer's and Seller's Right To Terminate.** If Buyer has used his or her best efforts to qualify for and obtain financing as required in this Agreement and is not otherwise in default under this Agreement, but Buyer is unable to qualify for financing within the time periods set forth above, either Seller or Buyer may terminate this Agreement and cancel escrow in accordance with **Paragraph 21(b) or 22(b)** below.

h. **Authorizations Given By Buyer.** Buyer gives Seller or Seller's designated agent permission to investigate Buyer's credit (including obtaining a credit report on Buyer). Additionally, Buyer authorizes Seller to disclose to the applicable lender(s) information about Buyer known to Seller and to obtain information from the lender(s) regarding the New Loan. Buyer further authorizes the applicable lender(s) to disclose to Seller all information about Buyer known to such lender(s). Such information may include exchanging copies of completed applications and other documents given by

Buyer. Buyer shall execute such further forms of written authorization for Seller or the lender(s) to obtain other relevant information.

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Buyer has read and understands this **Paragraph 6(h)**, and by placing his or her initials below expressly authorizes such disclosures.

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i. **Delay in Closing.** If Buyer fails to close escrow on the Closing Date, through no fault of Seller, and if Seller notifies Buyer in writing that Seller agrees to extend the date for close of escrow, Buyer shall pay to Seller at close of escrow and through escrow (in addition to and not in lieu of all other amounts due from Buyer under this Agreement) consideration for an extension of time for the close of escrow. The amount of such additional consideration shall be in an amount equal to \$100.00 per day for each day from and including the Closing Date, to, but excluding, the day escrow closes. Any such consideration for extension for the close of escrow shall be deemed separately earned for the extension so agreed to by Seller and shall not be deemed additional purchase price. This provision shall not apply to a VA Buyer. Nothing stated in this Paragraph shall require that Seller agree to any such extension.

7. **Escrow Holder.** The escrow company ("Escrow Holder") shall be Silvia Santiago - Fidelity National Title

(Name of Escrow Company)

8. **Buyer Must Disclose Contingent Purchase.** If Buyer must sell another property in order to close the escrow for the purchase of the Property, **Buyer acknowledges that Buyer must disclose this fact to Seller's sales representative and must complete and sign a Contingent Sale Addendum before Buyer signs this Agreement.** Seller shall have the right to terminate this Agreement and seek damages against Buyer for material misrepresentations, should Buyer give false information regarding the need to sell another property or status of any such sale.

Buyer and Seller agree that the purchase of the Property by Buyer is: [check one]

- NON-CONTINGENT.** Buyer's obligation to purchase and Seller's obligation to sell the Property **IS NOT CONTINGENT** on the sale of another property.
- CONTINGENT IN ESCROW.** Buyer's obligation to purchase and Seller's obligation to sell the Property **IS CONTINGENT** on the sale of another property, which is currently in escrow. (See attached **Addendum "C"**.)
- CONTINGENT NOT IN ESCROW.** Buyer's obligation to purchase and Seller's obligation to sell the Property **IS CONTINGENT** on the sale of another property, which is not currently in escrow. (See attached **Addendum "C"**.)

9. **Contingencies If Common Interest Development.** If the Property is located within a "Common Interest Development" as defined in California Civil Code Section 4100, the purchase of the Property by Buyer shall be subject to the terms and provisions of **Addendum "A"** attached to this Agreement.

10. **Addenda.** The Addenda listed below which Buyer and Seller are concurrently signing with this Agreement are incorporated into this Agreement and a part of this Agreement:

- Addendum "A" – Common Interest Development Addendum
 Addendum "B" – Escrow Holders Standard Form, Printed General Escrow Instructions
 Addendum "C" – Contingent Sale Addendum
 Addendum "D" – Disclosure Addendum
 Addendum "E" – Construction Standards and Non-Adversarial Procedures for Statutory Construction Claims _____
 Addendum "F" – Alternative Dispute Resolution Addendum _____
 Addendum "G" – Fit & Finish Warranty _____
 Others Disclosure of ongoing construction

11. **Title.** Buyer will receive a preliminary title report covering the Property from a title company licensed to do business in the State of California (the "Title Company") prior to the close of escrow. The fee, if any, for the preliminary title report shall be paid by Seller. At the close of escrow, title to the Property shall be conveyed to Buyer free of liens and encumbrances other than the following: (A) Standard exceptions and exclusions of the Title Policy, (B) current real property taxes, special taxes and any assessments levied by any Community Facilities District, Community Services District, Lighting and Landscape District and/or other special district or taxing authority; (C) any declaration of covenants, conditions and restrictions (the "Declaration") prepared for the project ("Project") of which the Property is a part; (D) all other covenants, conditions, restrictions, easements, supplementary declarations, rights and rights of way of record; (E) the New Loan in favor of Buyer's lender; (F) all other matters approved in writing by Buyer or caused by Buyer; and (G) any other matters which do not materially impair the use of the Property for residential purposes. The Property shall be conveyed subject to reservations in favor of Seller or others of all oil, minerals, natural gas and other hydrocarbons, geothermal steam and water rights. At the close of escrow, Buyer will receive an Owner's standard form CLTA or ALTA Residential policy (with Western Regional Exceptions) of title insurance (the "Title Policy") issued by the Title Company, showing title vested in Buyer as provided above. The Title Policy shall be in the amount of the Purchase Price for the Property. Buyer agrees that Seller may reasonably amend the Declaration prior to close of escrow.

12. **Vesting.** Buyer shall notify Escrow Holder and Seller in writing not more than **ten (10) days** after Buyer signs this Agreement of the manner in which Buyer wishes to take title (examples: Community property, joint tenancy, living trust, etc.) THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND/OR TAX CONSEQUENCES. BUYER IS

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ENCOURAGED TO DISCUSS THIS SUBJECT WITH BUYER'S LEGAL AND/OR TAX ADVISOR. Nothing stated in this Paragraph is intended to allow Buyer to assign Buyer's rights under this Agreement.

~~13. **Flooring Selections; Option Selections.** Unless already chosen and/or installed by Seller as of the date both parties have signed this Agreement:~~

~~a. **Flooring Selections.** Buyer shall make flooring selections from the choices provided by Seller, as follows: (i) if the Closing Date is within **thirty (30) days** or less from the date Buyer executed this Agreement, Buyer shall make the selections within **five (5) days** of Buyer's execution of this Agreement, (ii) if the Closing Date is more than **thirty (30) days** but within **sixty (60) days** from the date Buyer signed this Agreement, Buyer shall make the selections within **ten (10) days** of Buyer's signed Agreement; and (iii) if the Closing Date is more than **sixty (60) days** from the date Buyer executed this Agreement, Buyer shall make the selections within **forty-five (45) days** prior to the Closing Date. If the unavailability of Buyer's selections will prevent installation of the selections in the Property by Seller prior to the Closing Date, Buyer shall, within **three (3) days** after Seller's written request, provide Seller with an alternate selection. If Buyer does not make selections within the foregoing time frames, Seller shall have the right to make the selections for Buyer or to declare Buyer in default.~~

~~b. **Option Selections.** Buyer shall make all option selections within the construction cut-off time frames provided by Seller. Payment in full or deposits in an amount to be determined by Seller are required at the time selections are made and all selections shall be final. If the unavailability of Buyer's selections will prevent installation of the selections in the Property by Seller prior to the Closing Date, Buyer shall, within **three (3) days** after Seller's written request, provide Seller with alternate selections from the list provided by Seller. Buyer also understands that although Buyer may desire to obtain financing for the cost of any selections through the New Loan, the Lender may or may not allow Buyer to finance any or the entire cost of such items. If for any reason the Lender does not allow Buyer to fully finance such costs, Buyer agrees to deposit the amount Seller requires of the unfinanced portion of such costs into escrow at the time of Buyer's option selection.~~

14. **No Assignment.** This Agreement and the escrow established under this Agreement may not be assigned or otherwise transferred, voluntarily or by operation of law, by Buyer without the prior written consent of Seller, which consent may be withheld for any reason. Any attempt by Buyer to assign his or her rights under this Agreement shall be void and of no effect.

15. **Buyer's Duty To Cooperate.** Buyer understands and acknowledges that upon Seller's acceptance of this Agreement, Seller will incur carrying and other costs attributable to Seller's holding the Property off the market, which costs will increase if Buyer fails to perform all actions necessary to close escrow. Accordingly, Buyer agrees to cooperate with Seller and shall use its best efforts and diligently take any action necessary to timely close escrow, including, without limitation, promptly cooperating in good faith with the Lender, Escrow Holder and the Title Company, and promptly providing all information requested by Seller, the Lender, Escrow Holder or the Title Company. Buyer acknowledges that Buyer's failure to so cooperate shall constitute a default.

16. **Insurance.** Buyer shall procure, prior to the close of escrow, such insurance for the Property as the Lender may require as a condition to extending credit to Buyer. Buyer shall, at least **ten (10) days** prior to the Closing Date, provide the name, address and phone number of Buyer's insurance agent to Escrow Holder. In the event Seller determines, in its sole discretion, that Buyer is not procuring such insurance in a timely manner, Seller may but shall not be obligated to procure any such insurance at any time prior to the Closing Date as the agent of Buyer, and Buyer hereby authorizes Seller to obtain such insurance. Buyer shall reimburse Seller for the actual cost of any such insurance purchased by Seller. In the event Seller procures such insurance, Buyer shall indemnify and hold Seller harmless against any and all losses arising from the selection of such insurance policies.

17. **Soils/Geology.** A soils and geological report for this subdivision is on file with the County or City in which the Property is located, and upon request, a copy will be made available in the sales office for Buyer's review. In order to minimize the possibility of moisture intrusion into the soils of the Property, Buyer agrees not to alter the grading and any drainage devices on the Property. Before constructing any improvements on the Property (including, without limitation, additions, retaining and other walls, landscaping, exterior concrete flat work, swimming pools and spas), Buyer agrees to obtain the recommendations and guidance of appropriate qualified experts as to whether any special design and construction criteria should be employed. Buyer agrees to hold Seller harmless from such improvements or any damage resulting from such improvements.

18. **Completion Of Construction.** Seller shall improve the Property substantially in accordance with plans and specifications on file at the City or County (as applicable) in which the Property is located as such plans may be revised by Seller from time to time pursuant to **Paragraph 20** below. The improvement of the Property shall be deemed completed and to fully comply with the terms of this Agreement when the City or County (whichever has jurisdiction) permits occupancy of the Property. In determining whether the Property has been completed, the Escrow Holder shall rely on the certificate of Seller to that effect which shall be binding. Provided Buyer shall have satisfied all contingencies and fulfilled all obligations required of Buyer under this Agreement, Seller shall complete the Property within twelve (12) months after the date Seller signs this Agreement. Notwithstanding the foregoing, if Seller is delayed at any time in completing the Property for any reason beyond the reasonable control of Seller, then the time for completion of construction shall be extended for the period of delay. In any event the Property will be completed within two (2) years after the date Seller signs this Agreement, unless delayed by conditions or circumstances that are legally supportable under the laws of the State of California as an impossibility of performance for reasons beyond the control of Seller, such as Acts of God.

19. **Buyer Orientation And Inspection.** Buyer and Seller or Seller's representative shall meet for an orientation and inspection of the Property prior to the Closing Date. Buyer shall make himself or herself available within forty-eight (48) hours after Seller's request to meet. Failure of Buyer to meet with Seller after Seller's request shall not delay the close of

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escrow. During the walk through inspection, any corrective work which Seller reasonably agrees is appropriate shall be noted on a list. Any such corrective work shall not delay the close of escrow. Seller will complete all corrective work listed on the list of corrective work and agreed to by Seller within a reasonable period after close of escrow.

20. **Buyer's Representations And Acknowledgments.** In addition to any other representations and acknowledgments of Buyer in this Agreement, the matters set forth in this Paragraph constitute representations and acknowledgments by Buyer which are true and correct as of the date of this Agreement and which Seller requires to remain true and correct as of the close of escrow. If prior to the close of escrow, Buyer learns, or has reason to believe, that any of the following representations or acknowledgments have ceased or may cease to be true, then Buyer shall immediately give written notice to Seller of such change.

a. Buyer has Freely Chosen Lender. Although Buyer is required to submit a loan application to Guaranteed Rate Mortgage, Buyer acknowledges his or her understanding that Seller has not required Buyer to obtain Buyer's loan from any particular lender, and that Buyer has chosen a lender of Buyer's own choice. Buyer acknowledges that Seller makes no representations or warranties with regard to any lender, including, without limitation, the ability of any lender to provide Buyer's financing. Buyer further represents that Seller has not in any manner coerced Buyer to seek any particular loan or agree to any particular loan terms.

b. Availability of Property. Buyer understands that certain other properties of Seller's may be on or off the market and may not have been shown to or otherwise made available for purchase by Buyer. Buyer acknowledges that Seller has no obligation to notify Buyer if any particular property is available or becomes available.

c. Changes in Construction. Buyer acknowledges that Seller is building the Property as one production home within the overall Project. Buyer further acknowledges that Seller is not building the Property to Buyer's specifications or to the precise specifications or design of any model home. Subject to approval of the applicable governmental agencies, Seller reserves the right, at any time and without notice, to make changes to the plans or specifications for the Property, to change the color scheme and to make substitutions as Seller deems reasonably necessary or desirable to the building materials, fixtures, appliances and other components of the Property of equal utility and quality (but not necessarily of equal price) to those specified in the plans and specifications and/or non-upgrade items displayed in any model. Locations of electrical switches, outlets, receptacles and lights in the Property may be different than in any model. It is specifically agreed that substitute items need not be of the same cost. Seller further reserves the right to make changes in construction as may be required from time to time by any governmental agency having jurisdiction over the Property, by any lender making loans on the Project or by any entity or agency insuring, guaranteeing, purchasing or otherwise assisting in the financing of the Project, or as may be required due to shortages, stoppages or unavailability of labor or materials. Buyer's deposit into escrow of funds needed to close escrow shall constitute Buyer's full and complete acceptance of the Property.

d. Changes in Product and Development Plan. Buyer acknowledges that Seller reserves the right, at any time and without notice, to modify its development plan for the Project, including, but not limited to, changing the style, square footage, density, exterior elevations, color schemes, construction schedule, phasing and pricing of the residences in the Project. Without limiting the generality of the foregoing, Seller may, in its sole discretion, elect to improve the residences with more or less expensive architectural features and amenities and/or to build larger or smaller residences or different product types. Additionally, Seller reserves the right to not build residences on each lot and/or not to develop future phases of the Project.

e. Changes in Prices and Marketing Methods. Buyer acknowledges that Seller reserves the right, at any time and without notice, to increase or decrease the sales prices and to adjust the terms and conditions of sale of the homes in the Project. Buyer further acknowledges that the sales price and the terms and conditions of the sale of the Property are not necessarily related to the sales price or terms and conditions of sale which have previously been offered or which may subsequently be offered to other buyers in the Project. Seller has neither offered nor agreed to any price protection or other similar commitment to Buyer regarding the value or resale value of the Property (or any other property), and Seller shall not have any obligation or liability whatsoever to Buyer in the event any price changes directly or indirectly affect the value of the Property. Buyer also acknowledges that Seller reserves the right, at any time and without notice, to change its marketing methods, including, but not limited to, selling residences (or lots) in bulk to another developer, or to sell residences (or lots) by auction or by lottery.

f. Construction Schedule. Buyer acknowledges that the various stages of construction shall be deemed to have been satisfactorily performed when approved by the appropriate governmental agencies in compliance with existing laws, regulations and codes. Scheduling of construction is difficult and delays in completion are common. Seller shall use reasonable efforts to keep Buyer informed of delays in the construction schedule. However, Buyer acknowledges that Seller makes no representation as to the actual date of completion and that Seller shall not be responsible for inconvenience, loss or expense to Buyer resulting from delays in completion of construction.

g. Alterations Prior to Closing. Buyer acknowledges that all portions of the Property and materials located on the Property are the property of the Seller or persons other than the Buyer and Buyer has no right to utilize in any way any such materials. Buyer also acknowledges that Buyer may not make any changes of any kind to the Property during construction and prior to the close of escrow (e.g., alarm systems, home intercoms, stereo wiring, etc.) Any changes and non-approved options found on the Property during the construction period will be removed by Seller and the cost of removal and any necessary repairs to the Property shall be paid by Buyer.

h. Construction and Sales Activity. Buyer understands that, as presently planned, the Project may be developed in a series of phases, and additional phases may be completed after Buyer closes escrow. The construction and sales of homes in subsequent phases may result in some inconvenience to Buyer due to increased noise and dust from construction traffic and the operation of a model complex and sales office. Buyer agrees to exercise extreme caution

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and to observe all signs while driving through the temporary closure of streets and rerouting of traffic in any construction area. Buyer further assumes all risk of liability for any injuries to persons and property which may be sustained by Buyer, the members of Buyer's family and Buyer's guests and invitees by reason of such person's presence in the construction area. Buyer agrees to reasonably cooperate with Seller should Seller require temporary construction access across the Property to construct another residence(s) or related improvements following close of escrow.

i. Financing. Buyer understands that the interest rate and loan fees for the loan applied for will be determined at the time of loan approval and may be higher or lower than at the date of the sale. Buyer also acknowledges that the interest rate and loan fees referenced on the loan application are for illustrative purposes only and do not constitute a binding commitment.

j. Schools. Buyer acknowledges that Buyer has conducted his or her own investigation of the present and future availability of school facilities, and has made his or her decision to purchase the Property in reliance on such investigation, and not upon any representation made by Seller.

k. Fill Soil and Soils Conditions. The Property may be located on fill soils, in which case the residence will be constructed substantially in accordance with the recommendations and inspections of licensed civil and soils engineers. [Check if applicable] A report certifying the compaction of the fill soils is available for review in the sales office. Buyer acknowledges that many areas in Southern California have soil types which are known to be expansive in nature, and agrees that if the Property is located on expansive soil, Buyer will take the soil type into consideration when designing and installing hardscape and landscape improvements and take necessary precautions in the installation of such improvements to avert causing damage to existing improvements (e.g., Buyer's residence) as well as to any improvements installed by Buyer. Buyer further understands that in some cases soils may contain sandstone or a high level of subterranean rocks such that the installation of pools, spas, landscaping and other improvements which require digging, trenching or other excavation may be more difficult, expensive and sometimes not possible. The foundations of some residences may be so-called "post-tension foundations". Penetration or cutting of a post-tension foundation can cause serious injury and ruin the foundation.

l. Agency Confirmation. Buyer acknowledges that the real estate agent identified on the last page of this Agreement is the agent of the Seller exclusively. Buyer understands and agrees that all sales agents and representatives employed by Seller are and shall be agents and representatives of Seller exclusively and will not be the agents or representatives of Buyer.

m. Hazardous Substances. Buyer represents that Buyer shall not permit or suffer any toxic or hazardous substances or materials (as defined by federal, state or local laws and regulations) to be transported, generated, stored, released, emitted, discharged, processed, recycled, removed, disposed or handled on, to, from or under the Property or any portion of the Project in violation of any federal, state or local law, ordinance, regulation or order. Buyer agrees to indemnify, defend with counsel approved by Seller, and hold harmless Seller and Seller's divisions, subsidiaries, and related entities, and all of their employees, officers, directors, shareholders, contractors, agents, representatives, professional consultants, and their respective successors and assigns, from and against all claims, orders, suits, arbitrations, demands, losses, liabilities, costs, expenses (including attorneys' fees) and penalties arising from Buyer's violation of any law, ordinance, regulation or order and from any violation of the provisions of this Paragraph.

n. No Guarantee of View. Regardless of any existing view or view potential from the Property and regardless of the pricing of the Property, Buyer acknowledges that there are no express or implied easements for views or for the passage of light and air to the Property. Seller does not guarantee or make any representation whatsoever concerning the view, if any, that the Property will enjoy regardless of whether there may be provisions in the Declaration pertaining to view. Buyer further acknowledges that any view which the Property may currently enjoy may be impaired or obstructed by further construction or landscaping within the Project and/or on property near the Project. As one example only, the natural growth of landscaping often impairs existing views. Buyer further understands that provisions of the Declaration (if any) which establish architectural or landscaping controls might not be enforced or enforceable.

o. Adjoining Land Uses. Buyer may have received written disclosures which depict the current and proposed land uses for the properties which adjoin the Project. Land uses are subject to change, and consequently, Seller cannot guarantee whether any information so disclosed is current. Also, land planning and zoning matters are complex and therefore the information which may have been supplied by Seller is not complete. If Buyer is concerned about the type of development that may occur on the adjoining properties, Buyer should discuss nearby land uses with the City/County Planning Department and otherwise conduct his or her own investigation of those matters.

p. Certification of Water Heater Strapping. Seller hereby certifies that any water heater installed by Seller in the Property has been braced, anchored or strapped to resist falling or horizontal displacement due to earthquake motion in accordance with the provisions of Sections 19210 et seq. of the California Health and Safety Code.

q. Insulation. The insulation in the Property complies with R-value standards prescribed by manufacturers for an energy efficient home in the area in which the Property is located. R-value measures resistance to heat flow. The higher the R-value, the greater the insulating power. Different types of insulation having different R-values will be used in various places in the Property.

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r. Non-Authority of Sales Personnel. Buyer acknowledges and agrees that Seller's sales agents and representatives do not have the authority to interpret, change or modify the terms of any documents whatsoever, including, but not limited to, this Agreement, the Declaration, any disclosure statement executed by Seller and/or any Seller warranties. Additionally, no representation, promise or warranty, whether oral or in writing, made by any sales agent or representative shall be binding on Seller, unless set forth in writing and signed by an authorized officer of Seller.

s. Property Disclosure Report. Buyer has been provided or will in the future be provided a report regarding certain natural hazard zones (commonly referred to as a "Property Disclosure Report" or "PDR"). Buyer should consider the following when reviewing any such PDR:

i. Report is Limited. A PDR is responsive to specific natural hazard zones recognized by specific State statutes and therefore a PDR is very limited in its coverage. There may be other natural hazard zones in addition to the zones described in a PDR. For example, it is not unusual for local governments to recognize additional or different zones such as local flooding zones, fire zones or seismic zones. **It is Buyer's responsibility to conduct his or her own investigation of these matters before entering into this Agreement.**

ii. Zones Are Subject To Change. The zones which are covered by a PDR are subject to change. For example, the mapping for one or more of the zones may have not have been completed. Seller shall have no obligation or responsibility to provide Buyer with any updates to a PDR.

iii. No Independent Investigation. Seller does not independently investigate or verify the subject matter of PDRs.

iv. Common Areas May Not Be Covered. If the Property is in a common interest development there may be common area in the project, but a PDR does not cover common area. It is not unusual for certain slopes and other open space areas in projects to be covered by fire and other zones.

21. **Termination By Seller.** Seller shall have the right to unilaterally terminate this Agreement in the following circumstances:

a. Upon Buyer's Default. If Buyer fails to complete the purchase of the Property by reason of any default of Buyer under this Agreement (including, without limitation, Buyer's failure to use best efforts to obtain financing as more particularly described in **Paragraph 6** above), Seller may terminate this Agreement and cancel the escrow by giving written notice of such termination (the "Termination Notice") to Escrow Holder and Buyer by registered or certified mail, return receipt requested or by personal service. The Termination Notice shall contain a statement that Seller has determined that Buyer is in default hereunder, that Seller is terminating this Agreement and canceling the escrow, whether Seller is electing to retain liquidated damages in accordance with the provisions of **Paragraph 23** below, and shall otherwise comply with the requirements of **Paragraph 23** below. Thereafter, Seller, Buyer and Escrow Holder shall proceed as provided in **Paragraph 23** below.

b. Upon Failure of Condition. Seller may terminate this Agreement and cancel the escrow by giving a Termination Notice to Escrow Holder and Buyer by registered or certified mail, return receipt requested or by personal service in the event a condition precedent has not occurred by the date required by this Agreement. If Seller elects to so terminate this Agreement and Buyer is not in default under this Agreement, all of Buyer's deposits shall be refunded to Buyer within **fifteen (15) days** of such notice without deduction except disbursements made or payable therefrom to third parties in accordance with **Paragraph 29(e)** below, escrow shall be canceled at Seller's expense, and the parties shall have no further rights or obligations with respect to the Property under this Agreement.

22. **Termination By Buyer.** Buyer shall have the right to unilaterally terminate this Agreement in the following circumstances:

a. Failure of Escrow To Close In One Year. If through no fault of Buyer the close of escrow has not occurred within one (1) year after the date Seller executes this Agreement, then Buyer may terminate this Agreement and cancel the escrow by giving written notice to Seller and Escrow Holder by registered or certified mail, return receipt requested, except that such one (1) year period shall be extended for any periods mutually agreed upon by Buyer and Seller and for the period of any delays caused by Buyer. If Buyer elects to terminate this Agreement, Buyer's deposits shall be refunded in full to Buyer within **fifteen (15) days** of such notice, escrow shall be canceled at Seller's expense, and the Parties shall have no further rights or obligations with respect to the Property under this Agreement.

b. Upon Failure of Financing Condition. If Buyer has used his or her best efforts to qualify for and obtain financing as required in this Agreement and is not otherwise in default under this Agreement, but Buyer is unable to qualify for financing within the time periods set forth above, either Buyer or Seller may terminate this Agreement and cancel escrow by giving a Termination Notice to Escrow Holder and Seller by registered or certified mail, return receipt requested or by personal service. If Buyer elects to so terminate this Agreement, all of Buyer's deposits shall be refunded to Buyer within **fifteen (15) days** of such notice without deduction except disbursements made or payable therefrom to third parties in accordance with **Paragraph 29(e)** below, escrow shall be canceled at Seller's expense, and the parties shall have no further rights or obligations with respect to the Property under this Agreement.

23. **LIQUIDATED DAMAGES. IF BUYER DEFAULTS UNDER ANY TERMS OR PROVISIONS UNDER THIS AGREEMENT, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER, AND SELLER MAY PURSUE ANY REMEDY AT LAW OR IN EQUITY THAT IT MAY HAVE AGAINST BUYER ON ACCOUNT OF SUCH DEFAULT; PROVIDED, HOWEVER, WITH RESPECT TO SELLER'S DAMAGES, BY PLACING THEIR INITIALS BELOW BUYER AND SELLER AGREE THAT:**

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a. **REASONS FOR LIQUIDATED DAMAGES.** IF BUYER BREACHES THIS AGREEMENT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THESE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN AND THE PARTIES WISH HEREBY TO AGREE TO A LIQUIDATED DAMAGES AMOUNT.

b. **AMOUNT OF LIQUIDATED DAMAGES.** IN THE EVENT OF A DEFAULT OR BREACH OF THIS AGREEMENT BY BUYER, SELLER SHALL HAVE A RIGHT TO RETAIN AS LIQUIDATED DAMAGES ALL DEPOSITS MADE BY BUYER UNDER THIS AGREEMENT AND ANY ADDENDA OR AMENDMENTS TO THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, DEPOSITS FOR OPTIONAL IMPROVEMENTS, AND SELLER MAY INSTRUCT ESCROW HOLDER, AS MORE PARTICULARLY SET FORTH BELOW, TO RELEASE TO SELLER OUT OF BUYER'S DEPOSITS TO ESCROW HOLDER THE AGGREGATE DEPOSITS MADE BY BUYER UNDER THIS AGREEMENT AND UNDER ANY AGREEMENTS FOR OPTIONAL IMPROVEMENTS. THE AMOUNTS TO BE SO RELEASED TO SELLER SHALL BE NET OF THE THIRD PARTY CHARGES AUTHORIZED BY PARAGRAPH 29(e) BELOW. THE LIQUIDATED DAMAGES AMOUNT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 *ET SEQ.* OF THE CALIFORNIA CIVIL CODE. SELLER, IN ITS SOLE DISCRETION, SHALL HAVE THE RIGHT TO LIMIT THE LIQUIDATED DAMAGES TO NOT MORE THAN THREE PERCENT (3%) OF THE PURCHASE PRICE OF THE PROPERTY. IF THE TOTAL DEPOSITS EXCEED THREE PERCENT (3%) OF THE TOTAL PRICE AND SELLER DECIDES TO NOT LIMIT THE LIQUIDATED DAMAGES TO THREE PERCENT (3%) OF THE PURCHASE PRICE, THEN, PURSUANT TO SECTION 1675(d) OF THE CALIFORNIA CIVIL CODE, SELLER MUST ESTABLISH THAT THE LIQUIDATED DAMAGES ARE REASONABLE AS LIQUIDATED DAMAGES SHOULD BUYER DELIVER AN OBJECTION NOTICE IN A TIMELY MANNER PURSUANT TO THIS PARAGRAPH 23.

c. **RETENTION OF LIQUIDATED DAMAGES.** LIQUIDATED DAMAGES SHALL BE REMITTED TO SELLER OR RETAINED BY SELLER ONLY IF ONE OF THE FOLLOWING APPLIES: (1) PURSUANT TO THE DETERMINATION OF A COURT OF LAW OR AN ARBITRATOR (AS APPLICABLE), (2) IF BUYER AND SELLER HAVE ENTERED INTO AN AGREEMENT WHICH PROVIDES FOR LIQUIDATED DAMAGES TO BE REMITTED TO OR RETAINED BY SELLER, OR (3) PURSUANT TO THE FOLLOWING PROCEDURES:

i. **SELLER'S TERMINATION NOTICE.** SELLER MAY GIVE WRITTEN NOTICE TO ESCROW HOLDER AND TO BUYER OF SELLER'S DETERMINATION THAT BUYER IS IN DEFAULT UNDER THIS AGREEMENT, AND DEMANDING THAT ESCROW HOLDER REMIT TO SELLER THE DEPOSITS HELD BY ESCROW HOLDER. SUCH WRITTEN NOTICE SHALL BE BY MEANS OF ANY OF THE FOLLOWING METHODS: (a) PERSONAL SERVICE, (b) ANY FORM OF MAIL (SUCH AS CERTIFIED MAIL) WHICH PROVIDES FOR A RETURN RECEIPT OR (c) SUBSTITUTED SERVICE IN ACCORDANCE WITH SECTION 415.20 OF THE CODE OF CIVIL PROCEDURE. UPON THE GIVING OF SUCH TERMINATION NOTICE, SELLER SHALL DEPOSIT INTO ESCROW ALL OF BUYER'S DEPOSITS HELD BY SELLER PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 11013.2(c) OR SECTION 11013.4(b).

ii. **BUYER'S OBJECTION NOTICE.** BUYER SHALL HAVE TWENTY (20) DAYS AFTER SELLER'S NOTICE IS DELIVERED PURSUANT TO SUBSECTION (i) ABOVE TO DELIVER WRITTEN NOTICE TO ESCROW HOLDER ("OBJECTION NOTICE") OBJECTING TO SELLER'S RIGHT TO RETAIN BUYER'S DEPOSITS OR RECEIVE BUYER'S DEPOSITS FROM ESCROW HOLDER AS LIQUIDATED DAMAGES. UNLESS BUYER GIVES AN OBJECTION NOTICE WITHIN SUCH TWENTY (20) DAY PERIOD, SELLER SHALL HAVE THE RIGHT TO RETAIN AS LIQUIDATED DAMAGES BUYER'S DEPOSITS PAID OUTSIDE OF ESCROW AND ESCROW HOLDER SHALL RELEASE TO SELLER AS LIQUIDATED DAMAGES ANY OF BUYER'S DEPOSITS HELD BY ESCROW HOLDER AND BUYER SHALL BE DEEMED TO HAVE WAIVED ITS RIGHT TO A DETERMINATION OF DEFAULT. BUYER SHALL BE DEEMED TO WAIVE ANY RIGHT TO PURCHASE THE PROPERTY OR OTHER INTEREST IN THE PROPERTY UNLESS AN OBJECTION NOTICE IS SO DELIVERED BY BUYER AND IN THE OBJECTION NOTICE BUYER SPECIFICALLY CLAIMS A CONTINUED RIGHT TO PURCHASE THE PROPERTY. ANY WRITTEN NOTICE DELIVERED BY BUYER PURSUANT TO THIS SUBSECTION SHALL BE BY MEANS OF EITHER OF THE FOLLOWING METHODS: (a) PERSONAL SERVICE OR (b) ANY FORM OF MAIL (SUCH AS CERTIFIED MAIL) WHICH PROVIDES FOR A RETURN RECEIPT.

iii. **IF OBJECTION NOTICE IS GIVEN.** UPON RECEIPT OF THE OBJECTION NOTICE, ESCROW HOLDER SHALL IMMEDIATELY NOTIFY SELLER IN WRITING AND THE CONTROVERSY REGARDING THE DISPOSITION OF FUNDS DEPOSITED BY BUYER AND ANY OTHER ISSUES RAISED BY BUYER SHALL BE SETTLED BY ANY COURT HAVING PROPER JURISDICTION; PROVIDED HOWEVER, ALL SUCH DISPUTES SHALL BE RESOLVED BY BINDING ARBITRATION IF BUYER AND SELLER HAVE INITIALED THE PARAGRAPH OF THIS AGREEMENT ENTITLED "ARBITRATION OF PRE-CLOSING DISPUTES". UNLESS A PARTY EXPRESSLY INSTRUCTS ESCROW HOLDER OTHERWISE, ESCROW HOLDER SHALL THEREAFTER CANCEL THE ESCROW. HOWEVER, ESCROW HOLDER SHALL RETAIN THE MONIES WHICH CONSTITUTE LIQUIDATED DAMAGES PENDING A DETERMINATION OF DEFAULT BY THE COURT OR ARBITRATOR, WHICHEVER IS APPLICABLE, SHOULD ESCROW HOLDER HOLD DEPOSITS. EACH PARTY WILL SIGN ESCROW CANCELLATION INSTRUCTIONS IF SO REQUESTED BY ESCROW HOLDER.

BY PLACING THEIR INITIALS HERE, BUYER AND SELLER AGREE TO THE LIQUIDATED DAMAGES PROVISIONS OF THIS PARAGRAPH 23:

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24. ARBITRATION OF DISPUTES. ANY CONTROVERSY BETWEEN BUYER AND SELLER WHICH ARISES BEFORE CLOSE OF ESCROW, INCLUDING THE CONTROVERSY CREATED BY THE CONFLICTING NOTICES BY SELLER AND BUYER, AND THE DISPOSITION OF FUNDS HELD BY ESCROW HOLDER ("PRE-CLOSING DISPUTES"), SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA RULES"). ANY "POST-CLOSING DISPUTES" SHALL BE GOVERNED BY THE PROCEDURES SET FORTH IN THE ALTERNATIVE DISPUTE RESOLUTION ADDENDUM TO THIS AGREEMENT. THE FOLLOWING SUPPLEMENTAL RULES SHALL APPLY TO ALL ARBITRATION PROCEEDINGS RESPECTING PRE-CLOSING DISPUTES AND SHALL GOVERN IN THE EVENT OF A CONFLICT BETWEEN THE RULES SET FORTH BELOW AND THE AAA RULES.

a. SELLER TO ADVANCE FEES. THE FEES NECESSARY TO INITIATE THE ARBITRATION SHALL BE ADVANCED BY SELLER, WITH COSTS AND FEES (INCLUDING ONGOING COSTS AND FEES) TO BE PAID AS AGREED BY THE PARTIES. IF THE PARTIES CANNOT AGREE ON THE PAYMENT OF SUCH COSTS AND FEES, ALL COSTS AND FEES OF ARBITRATION SHALL ULTIMATELY BE BORNE AS DETERMINED BY THE ARBITRATOR.

b. IMPARTIAL ARBITRATOR. A NEUTRAL AND IMPARTIAL INDIVIDUAL(S) SHALL BE APPOINTED TO SERVE AS ARBITRATOR(S) WITHIN A SPECIFIED PERIOD OF TIME, WHICH SHALL IN NO EVENT BE MORE THAN SIXTY (60) DAYS FROM THE ADMINISTRATOR'S RECEIPT OF A WRITTEN REQUEST FROM A PARTY TO ARBITRATE THE CLAIM OR DISPUTE. THE PROVISIONS OF SECTION 1297.121 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE SHALL APPLY TO THE SELECTION OF THE ARBITRATOR(S). AN ARBITRATOR MAY BE CHALLENGED FOR ANY OF THE GROUNDS LISTED IN SECTION 1297.121 OR 1297.124 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE.

c. VENUE. THE VENUE OF THE ARBITRATION SHALL BE IN THE COUNTY WHERE THE PROPERTY IS LOCATED UNLESS BUYER AND SELLER AGREE TO SOME OTHER LOCATION.

d. DATE OF ARBITRATION. THE ARBITRATION SHALL BE COMMENCED PROMPTLY AND TIMELY IN ACCORDANCE WITH THE RULES OF THE ARBITRATION. IF THE RULES OF THE ARBITRATION DO NOT SPECIFY A DATE BY WHICH THE ARBITRATION MUST COMMENCE, THEN IT SHALL COMMENCE ON A DATE AGREED TO BY THE PARTIES. IF THE PARTIES CANNOT AGREE ON AN ARBITRATION COMMENCEMENT DATE, IT SHALL COMMENCE ON A DATE DETERMINED BY THE ARBITRATOR(S).

e. AAA RULES. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH RULES AND PROCEDURES WHICH ARE REASONABLE AND FAIR TO BUYER AND SELLER. THE AMERICAN ARBITRATION ASSOCIATION COMMERCIAL RULES OF ARBITRATION IN EFFECT AS OF THE DATE OF THIS AGREEMENT SHALL BE DEEMED IN COMPLIANCE WITH THIS REQUIREMENT.

f. TIMELY ARBITRATION. THE ARBITRATION SHALL CONCLUDE PROMPTLY AND TIMELY.

g. AUTHORITY OF ARBITRATORS. THE ARBITRATOR(S) ARE AUTHORIZED TO PROVIDE ALL RECOGNIZED REMEDIES AVAILABLE IN LAW OR EQUITY FOR ANY CAUSE OF ACTION THAT IS THE BASIS OF THE ARBITRATION.

h. JUDGMENT UPON DECISION. JUDGMENT UPON THE DECISION RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED INTO ANY COURT HAVING PROPER JURISDICTION.

i. FEDERAL ARBITRATION ACT. BUYER AND SELLER ACKNOWLEDGE THAT BECAUSE MANY OF THE MATERIALS AND PRODUCTS INCORPORATED INTO THE HOME ARE MANUFACTURED IN OTHER STATES, THE PURCHASE AGREEMENT EVIDENCES A TRANSACTION INVOLVING INTERSTATE COMMERCE AND THE FEDERAL ARBITRATION ACT (9 U.S.C. §1, ET SEQ.) NOW IN EFFECT AND AS IT MAY BE HEREAFTER AMENDED WILL GOVERN THE INTERPRETATION AND ENFORCEMENT OF THE ARBITRATION PROVISIONS OF THE PURCHASE AGREEMENT. NOTWITHSTANDING THE REFERENCES IN THE NEXT PARAGRAPH OR ELSEWHERE IN THIS AGREEMENT TO CALIFORNIA LAW AND THE CALIFORNIA CODE OF CIVIL PROCEDURE, IN THE EVENT OF ANY INCONSISTENCY BETWEEN CALIFORNIA LAW (INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE) AND THE FEDERAL ARBITRATION ACT, THE FEDERAL ARBITRATION ACT SHALL PREVAIL.

THE FOLLOWING NOTICE IS REQUIRED BY SECTION 1298 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE:

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE

AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

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SELLER'S INITIALS _____ **SELLER'S INITIALS** _____

25. **Delivery Of Possession.** Except as provided in this Agreement, possession of the Property shall be delivered to Buyer upon confirmation by Seller that escrow has closed and the deed by which the Property has been conveyed to Buyer has been recorded in the Office of the County Recorder of the county in which the Property is located.

26. **Destruction Of The Property Prior To Close Of Escrow.** If the Property is destroyed or materially damaged (other than by Buyer's act or omission) prior to the close of escrow, and has not been rebuilt prior to the maximum escrow period stated in **Paragraph 22(a)** above, then, on demand by Seller or Buyer, all of Buyer's deposits shall be returned to Buyer within **fifteen (15) days** after the date of such demand, without deduction, and the parties shall have no further rights or obligation under this Agreement.

27. **Entry Into Construction Areas And Indemnification.** Buyer shall not enter any construction area without a Construction Pass issued by Seller and Buyer acknowledges his or her understanding that no entry will be allowed prior to 3:30 P.M. on Monday through Friday. Entry will generally be allowed on Saturdays and Sundays from 10:00 A.M. to 5:00 P.M. Buyer acknowledges and agrees that if Buyer enters into the Property or other construction areas, with or without Seller's permission: (i) Buyer assumes all risks of any and all injuries (including death) to any person and/or damage to any property arising from or in any way related to Buyer's entry into the Property or other construction area; (ii) Buyer waives any and all claims of any kind or nature against Seller, Seller's subsidiaries and related entities, and all of their employees, officers, directors, shareholders, contractors, subcontractors, vendors, agents, representatives, consultants, and their respective successors and assigns (collectively, the "Releasees"); (iii) Buyer agrees to indemnify, defend and hold the Releasees free and harmless from and against any and all claims, injuries, losses, damages, costs, expenses and any other liability whatsoever (including attorney's fees) arising from or in any way related to Buyer's or Buyer's family or friends' entry onto the Property or other construction areas; and (iv) Buyer acknowledges that Seller strongly discourages Buyer from taking children onto the Property or other construction areas; however, if Buyer elects to take children into the construction areas, Buyer agrees to indemnify, defend and hold the Releasees free and harmless from and against any and all claims, injuries, losses, damages, costs, expenses and any other liability whatsoever (including attorney's fees) arising from or in any way related to any injury (including death) to such child.

28. **Right Of Entry.** Buyer shall permit Seller to enter onto the Property upon reasonable notice during normal business hours after the close of escrow if any corrective or additional work is required by any governmental agency, is specified on Buyer's and Seller's joint inspection corrective list described in **Paragraph 19** above, or is required under the limited warranties given by Seller for the Property.

29. **Escrow Provisions.**

a. **Opening of Escrow.** Seller and Buyer agree to use Escrow Holder as the escrow agent for the purchase and sale of the Property. Escrow shall be deemed opened with Escrow Holder upon Seller's delivery to Escrow Holder of a fully executed copy of this Agreement. This Agreement, together with Escrow Holder's standard form printed general escrow provisions attached hereto as **Addendum "B"** shall constitute the complete escrow instructions to Escrow Holder. In the event of a conflict between Escrow Holder's standard form printed general escrow provisions and this Agreement, this Agreement shall control.

b. **Delivery of Grant Deed.** Seller shall deliver to Escrow Holder on or before the Closing Date a duly executed Grant Deed in recordable form sufficient to convey good title to the Property to Buyer, subject to the matters referenced in **Paragraph 11** of this Agreement.

c. **Conditions to Close of Escrow.** Upon the performance of each of their respective obligations stated in this Agreement which are to be performed prior to the close of escrow, and in addition to all other conditions stated in this Agreement, escrow shall not close until all of the following conditions are satisfied:

i. **Title Insurance.** Escrow shall not close until receipt by Escrow Holder of written advice by Title Company that it will issue, in the sole discretion of Seller, either a standard form CLTA or ALTA residential title insurance policy (with Western Regional Exceptions) in favor of Buyer and the Lender with liability equal to the Purchase Price insuring that title to the Property is vested in Buyer, subject to the matters referenced in **Paragraph 11** above;

ii. **Blanket Encumbrance.** The escrow shall not close, funds shall not be released from escrow, and title shall not be conveyed to Buyer until any and all blanket encumbrances (as defined in Business and Professions Code Sections 11013 and 11013.1) encumbering the Property have been released in compliance with Business and Professions Code Section 11013.2(a); provided that, in lieu of such a release from the lien or charge of a deed of trust, all of the following conditions shall have been met: (A) the holder of the Deed of Trust has executed a release agreement per Department of Real Estate Regulation 2791(b)(2)(A); (B) said agreement has been deposited with Escrow Holder and Buyer is notified that it is available upon request; (C) each Buyer is provided with a policy of title insurance against loss by reason of the Deed of Trust; and (D) legal title is conveyed to Buyer;

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

iii. Mechanic's Liens. Escrow shall not close until the statutory period for the recordation of mechanic's liens against the Property have expired or Buyer's policy of title insurance shall include an endorsement or other coverage insuring Buyer against unrecorded mechanic's liens;

iv. Satisfaction of Conditions for Common Interest Development. If the Property is located in a Common Interest Development as noted on page 1, escrow shall not close until satisfaction of the Conditions to Close of Escrow set forth in the Common Interest Development Addendum attached hereto as **Addendum "A"**.

d. Closing Costs, Prepaid Expenses and Impounds. Regardless of the amount of estimated closing costs stated in this Agreement, Buyer agrees to deposit into escrow not later than **three (3) days** prior to the Closing Date, in immediately available funds, and to pay at the close of escrow, the actual costs of the following: (i) all escrow fees and related charges of Escrow Holder, including, without limitation, Escrow Holder's document preparation fees, messenger expenses, express mail charges, bank wire charges and any other costs incurred by Escrow Holder necessary to complete this transaction; (ii) a prorated portion of all real property taxes, special taxes and assessments for the applicable fiscal year; (iii) a prorated portion of any homeowner association assessments, any capital contributions and homeowner association transfer fees; (iv) all prepaid expenses, including, without limitation, extended coverage fire and hazard insurance, if any; (v) all fees for recording the grant deed conveying the Property to Buyer; (vi) all charges set forth in the Lender's instructions, including, without limitation, the Lender's title insurance policy and all costs of any extended coverage, prepaid interest, credit report fee, appraisal fee, tax service fee, loan origination fee, processing fee, funding fee, initial mortgage insurance premium, if required, initial impounds, if required, all County and/or City recording fees for the Lender's deed of trust, and notary fees; (vii) the premium for Buyer's CLTA or ALTA Owners policy of title insurance if payment of such premium by Buyer is the customary practice in the County in which the Property is located; Seller shall pay the premium for the Owners title policy if it is the customary practice in the County where the Property is located for sellers do so; (viii) up to \$35.00 of the costs of a Property Disclosure Report (see **Paragraph 20(t)** above) ordered by Seller for the Property; Seller shall pay the cost of any Property Disclosure Report in excess of \$35.00; and (ix) Buyer shall pay all other expenses, impounds and closing costs not expressly payable by Seller under the terms of this Agreement. The estimated total amount of such closing costs, prepaid expenses and impounds is stated in this Agreement. If the actual amount of closing costs, prepaid expenses and impounds exceeds the estimate indicated in this Agreement, upon receipt of notification of the actual amount, Buyer shall immediately deposit with Escrow Holder the additional funds required. Notwithstanding the above, if Buyer is obtaining a VA loan, the amount deposited by Buyer under this Paragraph shall not exceed the amounts permitted by applicable regulations of the VA. Any documentary transfer tax levied by the City or County upon the transfer of title to the Property to Buyer shall be allocated to Buyer or Seller based on the custom in the County where the Property is located.

e. Third Party Charges Against Deposits. In the event of cancellation of this Agreement for any reason other than cancellation pursuant to **Paragraph 22 (a) or Paragraph 26**, Buyer hereby authorizes Escrow Holder and/or Seller, as the case may be, to pay from Buyer's deposits under this Agreement, all charges and fees due from Buyer to the appropriate third parties who have provided the following services at the following estimated costs: (i) credit reports: \$50 each; (ii) escrow services: \$400; (iii) preliminary title reports: \$50; (iv) appraisals: and (v) loan processing services: \$400.

f. Prorations. All prorations or adjustments to be made shall be made as of the close of escrow on the basis of a thirty (30) day calendar month. Taxes will be prorated by Escrow Holder on the best figures available from the County Tax Collector and/or Seller. The parties acknowledge that the Property may not be separately assessed from other lots/units within the project and, in such event, tax figures shall be computed on a proportionate basis each lot/unit bears to the total Property based on information supplied by Seller. The parties further acknowledge that during the period of July 1st until the annual tax bills are issued, taxes may be estimated by the Seller in accordance with the most recently ascertainable tax bill or assessment and Escrow Holder is authorized to use the figures so provided by Seller without further approval and prorate accordingly, including credit to Seller, if prepaid. The Property will be subject to reassessment following the close of escrow by the County Tax Assessor and such reassessments occurring subsequent to the close of escrow will result in a supplemental tax bill and Buyer is solely responsible for the payment of such supplemental tax bill. Neither Seller nor Escrow Holder has any obligation for the payment of such supplemental tax bill.

g. No Withholding. Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor (i.e., Seller) is a foreign person. Similarly, Sections 18662 and 18668 of the California Revenue and Taxation Code provide that a transferee of a California real property interest must withhold tax if the funds from the transferee are to be disbursed either to a transferor with a last known address outside of the State of California or to the financial intermediary of the transferor, if the transferor is a non-resident of California. To inform Buyer that withholding of tax is not required in connection with this transaction, Seller certifies that (a) Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate, and (b) Seller's known street address and its principal place of business are both within the State of California. Buyer and Seller acknowledge that Escrow Holder has hereby provided notice of these provisions, and, in light of the representations of Seller made herein, that Escrow Holder will take no action regarding the withholding.

30. **General Escrow Provisions.** Escrow Holder's general provisions set forth on Addendum "B" are incorporated in this Agreement.

31. **Proposition 65 Disclosure.** Materials included in the construction of this house may contain chemicals known to the State of California to cause cancer or birth defects. For example, formaldehyde, a substance known to cause cancer. Further information may be obtained from the Seller. The following information is intended to explain the warning furnished by Seller of this home for exposures to formaldehyde a substance known to the State of California to cause cancer. The exposures are caused by materials of which the house is or will be built.

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

The United States Environmental Protection Agency, the California Air Resources Board, and other agencies have measured the presence of formaldehyde in the indoor air of homes in California. Levels of formaldehyde that present a significant cancer risk have been measured in most homes. Formaldehyde is present in the air because it is emitted by a variety of building materials and home products purchased by Seller from materials suppliers. These materials include carpeting, pressed wood products, insulation, plastics, and glues.

This home, if constructed prior to entering into this Agreement, has not been tested, and if constructed after entering into this Agreement, will not be tested. Given the cost of testing, it is not feasible to test every home to ascertain the level of formaldehyde present. Most homes that have been tested elsewhere do contain formaldehyde, although the concentrations vary from home to home with no obvious explanation for the differences. One of the problems is that many suppliers of building materials and home products do not provide information on chemical ingredients to builders. In the absence of specific information on these homes, and in light of the materials used in their construction, Seller believes that a warning is necessary.

Buyer may have further questions about these issues. Seller is willing to share any further information Seller has obtained and will provide upon request a list of known suppliers which may be contacted for further information, and whether any inquiry has been made by Seller.

32. **General Provisions.**

a. Severability. In the event any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining parts of this Agreement shall remain in full force and effect.

b. Broker's Commission. All fees, commissions and other amounts due or payable in connection with the sale of the Property to the sales agents and representatives who are appointed by Seller shall be paid by Seller. Seller shall not have any obligation to pay any fees, commissions or other amounts to any other broker, sales agent or finder unless expressly set forth in writing and signed by Seller. Each party agrees to indemnify, defend and hold harmless the other from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, sales agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in connection with this transaction.

c. No Waiver. The waiver by Seller of any term or provision of this Agreement shall not be construed as a waiver of any other term or provision of this Agreement, or of any subsequent performance required under this Agreement.

d. Notices. Unless specifically stated otherwise in this Agreement, all notices, instructions, demands and other communications given hereunder shall be set forth in writing and shall be personally served or delivered by facsimile or by United States Mail, registered or certified, return receipt requested, postage prepaid, addressed to the party's and/or Escrow Holder's designated address set forth on the signature page of this Agreement. All such written notices, instructions, demands and other communications shall be deemed delivered upon personal delivery, delivery by facsimile, or **three (3) days** after deposit in the United States Mail. Delivery shall be to Seller's and Buyer's designated address indicated in this Agreement. If Escrow Holder has attempted to deliver a notice and Buyer and/or Seller refuses to accept same, such party shall be deemed to have received such notice.

e. Counterparts. This Agreement may be signed in one or more counterparts, each of which independently shall have the same effect as if it were the original, and all of which together shall constitute one and the same Agreement.

f. Survival. All obligations referred to herein to be performed at a time or times after the close of escrow, all provisions hereof relating to a time after the close of escrow, and all representations and acknowledgments contained herein, shall survive the close of escrow and the delivery of Seller's grant deed.

g. Definitions. The term "party" or "parties" shall mean Buyer and/or Seller, as the context may require. The term "escrow" shall mean the escrow created under this Agreement, and "close of escrow", "closing of the escrow" and similar terminology shall refer to recordation of Seller's grant deed in the Official Records of the County in which the Property is located. The term "days" shall mean calendar days, unless otherwise indicated to mean business days. The use herein of (i) the neuter or male gender includes the masculine and the feminine as appropriate and (ii) the singular number includes the plural as appropriate. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or intent of this Agreement or any of the terms hereof. Any box checked or otherwise marked to indicate its applicability to a particular provision shall designate that such provision is incorporated into this Agreement. This Agreement shall be construed and any ambiguities contained herein shall be resolved equally as between the parties, and not against the party responsible for the preparation of this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

h. No Recordation. Neither this Agreement, nor any reference thereto, nor any short form or memorandum thereof shall be recorded in the office of any County Recorder.

i. Entire Agreement. This Agreement (including all Addenda to this Agreement) contains the entire agreement between the parties and the entire escrow between Escrow Holder and the parties hereto. All prior statements and representations, if any, whether oral or written, are hereby superseded by this Agreement. The terms of this Agreement may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. Buyer and Seller further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any arbitration or other legal proceedings, if any, involving this Agreement. No addition or modification of any terms of this Agreement shall be effective unless set forth in writing and

Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

signed by Buyer and by an **authorized officer of Seller**. **No sales agent or representative of Seller has authority to modify the terms of this Agreement.**

j. Offer and Acceptance. Buyer acknowledges that Buyer has carefully read and understands each and every provision of this Agreement. By execution of this Agreement, Buyer acknowledges his informed and voluntary consent hereto, and Buyer agrees that the provisions of this Agreement are commercially reasonable and effectuate the intent of the parties with respect to the Property. Buyer acknowledges that he has had sufficient opportunity to consult with his or her legal counsel with respect to this Agreement. Execution of this Agreement by Buyer and by Seller's sales agent or representative shall constitute only an offer to purchase, which shall not be binding unless accepted by Seller, as evidenced by the execution of this Agreement by a duly authorized officer of Seller, and Seller reserves the right to refuse to accept such offer for any reason whatsoever, at its sole and absolute discretion. Buyer acknowledges that Seller's sales agents and representatives are not authorized to accept this offer, and that receipt of Buyer's deposit by Seller's sales agent or representative shall not constitute an acceptance of this offer by Seller. Seller, or Seller's sales agent or representative, may hold Buyer's deposit check uncashed until such time as Seller accepts this offer. If Seller fails or refuses to accept such offer, all funds deposited by Buyer shall be promptly refunded to Buyer.

k. No Representations. **BUYER ACKNOWLEDGES AND AGREES THAT NO REPRESENTATION OR PROMISE THAT IS NOT SET FORTH IN THIS AGREEMENT, THE DECLARATION OR A DISCLOSURE STATEMENT EXECUTED BY SELLER HAS BEEN MADE TO BUYER BY ANY EMPLOYEE, SALES AGENT OR REPRESENTATIVE OF SELLER UPON WHICH BUYER IS RELYING IN CONNECTION WITH THE PURCHASE OF THE PROPERTY.**

l. Buyer Sole Remedy Regarding Disclosures. Seller may in good faith after acceptance of this Agreement provide additional disclosures or correct disclosures regarding this sale, the Project or nearby areas. Should any such additional or corrected disclosure be material to Buyer's decision to purchase, Buyer may, prior to close of escrow, terminate this Agreement and receive a refund of his or her deposit, provided Buyer gives Seller written notice of termination within **three (3) days** after delivery in person, by facsimile, or **five (5) days** after mailing, of such additional or corrected disclosure. This remedy shall be Buyer's sole remedy and Buyer waives any other claim provided Seller acted in good faith. Buyer acknowledges that in entering into this Agreement, Seller has relied on Buyer's agreement that Buyer will pursue no other claim, action, or remedy (e.g., a lawsuit for negligent misrepresentation or negligent failure to disclose) against Seller arising out of any such good faith additional or corrected disclosure. Should Buyer decide to close escrow, doing so shall evidence that Buyer did not deem the additional or corrected disclosure to be material and that Buyer has waived any claim against Seller regarding such additional or corrected disclosure.

[Remainder of page intentionally left blank. Signature page follows]

Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

TIME IS OF THE ESSENCE OF THIS AGREEMENT AND FAILURE OF BUYER TO PERFORM WITHIN THE TIME LIMITS DESCRIBED ABOVE WILL ALLOW SELLER TO TERMINATE THIS AGREEMENT.

BUYER'S INITIALS _____ **BUYER'S INITIALS** _____ **BUYER'S INITIALS** _____ **BUYER'S INITIALS** _____

IN WITNESS WHEREOF, the parties have executed this Agreement and make it effective as of the Date of Seller's Acceptance indicated below.

AGENT'S RECEIPT FOR BUYER'S "PURCHASE DEPOSIT" (AGENT'S SIGNATURE DOES NOT CONSTITUTE SELLER'S SIGNATURE OR ACCEPTANCE OF THIS AGREEMENT)

Date: _____, 20____

(Sales Agent's Signature)

BUYER'S OFFER TO PURCHASE

"BUYER"

BUYER'S PHONE NOS.

(Signature) _____ (Home) _____ (Work) (____) _____ Ext _____

(Signature) _____ (Home) _____ (Work) (____) _____ Ext _____

(Signature) _____ (Home) _____ (Work) (____) _____ Ext _____

Date: _____, 20____ (Buyer's Fax No.) (____) _____

BUYER'S DESIGNATED ADDRESS

(Street Address, No. P.O. Boxes)

(City, State and Zip Code)

"SELLER"

a _____

By: _____

Its: _____

Acceptance Date: _____, 20____

SELLER'S DESIGNATED ADDRESS

(Street Address, No. P.O. Boxes)

(City, State and Zip Code)

"ESCROW HOLDER"

By _____
(Authorized Representative)

_____, 20____
(Date Received in Escrow)

THIS ESCROW COMPANY IS LICENSED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS OR CALIFORNIA DEPARTMENT OF INSURANCE (PLEASE CIRCLE ONE) UNDER LICENSE NO. _____.

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

ADDENDUM "A"

COMMON INTEREST DEVELOPMENT ADDENDUM

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 **BUYER'S NAME** _____

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated _____, 20____ by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement.

The Property is located in a "Common Interest Development" (as defined in California Civil Code Section 4100), and is subject to the following association(s) and "Project Documents":

Check One

A Planned Development with one Association

The Association is commonly known as Cantera Community Association
(Name of Association)

(the "Association"), and the Property is subject to the following Project Documents:

The Articles of Incorporation and Bylaws of the Association;
A declaration of covenants, conditions and restrictions; (and, if applicable, an amendment or supplement thereto;
and if applicable, a Notice of Annexation; and, if applicable, an amendment thereto).

A Planned Development with two Associations

The Master Association is commonly known as _____
(Name of Association)

(the "Master Association") and the Property is subject to the following Project Documents:

The Articles of Incorporation and Bylaws of the Master Association;
A declaration of covenants, conditions and restrictions; (and, if applicable, an amendment or supplement thereto;
and if applicable, a Notice of Annexation; and, if applicable, an amendment thereto).

A Sub-Association commonly known as _____
(Name of Association)

(the "Sub-Association") and the Property is subject to the following additional Project Documents:

The Articles of Incorporation and Bylaws of the Sub-Association;
A declaration of covenants, conditions and restrictions; (and, if applicable, an amendment or supplement thereto;
and if applicable, a Notice of Annexation; and, if applicable, an amendment thereto).

Additional Association

The Additional Association is commonly known as _____
(Name of Association)

and the Property is subject to the following Project Documents:

The Articles of Incorporation and Bylaws of the Additional Association;
A declaration of covenants, conditions and restrictions (and, if applicable, an amendment or supplement thereto;
and if applicable, a Notice of Annexation; and, if applicable, an amendment thereto).

1. **MEMBERSHIP IN THE ASSOCIATION(S).** Buyer understands and agrees that upon the recordation of the grant deed conveying the Property to Buyer, Buyer will automatically become a "Member" of the applicable Association(s) referenced above. Buyer shall be deemed to have agreed to and shall be entitled to exercise all of the rights (including, but not limited to, voting rights in such Association(s)), and to perform all of the obligations (including, but not limited to, the payment of Assessments) of a Member, all as more particularly set forth in the applicable Project Documents referenced above.

2. **APPROVAL OF PROJECT DOCUMENTS.** Buyer acknowledges having read and approved the Final Subdivision Public Report issued by the California Department of Real Estate (the "DRE") for the Property. Additionally, Buyer hereby acknowledges having received from Seller or Escrow Holder a copy of each of the applicable Project Documents, a statement from the applicable Association(s) setting forth any delinquent assessments and related charges levied by such Association pertaining to the Property, and a current financial statement and related statements for the applicable Association(s), if available.

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

3. **ASSOCIATION DUES.** Buyer acknowledges that by reason of Buyer's membership in the Association(s), commencing as of the close of escrow, Buyer is obligated to pay the Assessments levied by such Association(s). The current monthly installment of Regular Assessment levied by the applicable Association(s) is/are estimated to be:

Cantera Community Association (\$ 293), and
(Name of Association) (Monthly dues)
_____ (\$ _____), and
(Name of Association) (Monthly dues)
_____ (\$ _____), and
(Name of Association) (Monthly dues)

Escrow Holder shall prorate the monthly installment of Regular Assessments between Buyer and Seller as of the close of escrow based upon the latest information available to Escrow Holder.

4. **WORKING CAPITAL CONTRIBUTION.** If required by a Declaration or by the Federal National Mortgage Association, Escrow Holder is directed to collect from Buyer the sums required by the respective Declarations as an initial working capital fund for the applicable Association(s). Buyer acknowledges that this amount does not constitute advance payment by Buyer of Regular Assessments levied by such Association. Escrow Holder is directed to remit the amount collected to the respective Association upon the close of escrow. **Check here if applicable and indicate to which Association(s) capital contributions apply:** _____

5. **CONDITIONS PRECEDENT TO CLOSE.** Buyer acknowledges that the Escrow for the purchase of the Property shall not close, no funds shall be released from Escrow (except for third party disbursements, upon default by Buyer or upon cancellation of Escrow, as provided in the Agreement) and title to the Property shall not be conveyed to Buyer until all of the following conditions precedent have been satisfied:

5.1 **Subordination of Lien to Declaration.** Escrow Holder has received written notice from the Title Company that all monetary encumbrances of record (including, deeds of trust and mortgages) encumbering the Project (other than general and special taxes and assessments) are subordinate to the above-referenced Declaration(s);

5.2 **Notices of Completion.** A Notice of Completion, as defined in Civil Code Section 8182, has been recorded covering all of the common areas and improvements constructed thereon in the phase of development in which the Property is located, or Seller has posted a bond or other security in a form and amount acceptable to the DRE to assure lien-free completion of all such common area improvements and Escrow Holder has received RE Form 621A signed by the DRE, and a Notice of Completion has been recorded on the Property to be conveyed to Buyer;

5.3 **Mechanics' Liens.** The statutory period for the recordation of mechanics' liens on the Property has expired, or Buyer will be provided, at Seller's expense, with a policy of title insurance insuring Buyer against all unrecorded mechanics' liens;

5.4 **Blanket Encumbrances.** "Proper releases", as defined in DRE Regulation 2791.1, have been obtained from any and all "blanket encumbrances", as defined in Business and Professions Code Section 11013; provided, however, escrow may close, funds may be released, and title may be conveyed even though no proper release has been obtained from the lien or charge of one or more deeds of trust if the Buyer is notified that a "release agreement", as defined in Department of Real Estate Regulation 2791.1, duly deposited with Escrow Holder, is available to the Buyer on request for each such deed of trust and the Buyer has been provided a policy of title insurance insuring the Buyer against loss by reason of each such deed of trust;

5.5 **Maintenance Assessment Bond.** In compliance with DRE Regulation 2792.9(a)(2), prior to the first close of an escrow for the sale of a lot in the phase of development in which the Property is located, Seller has obtained a Maintenance Assessment Bond in favor of the applicable Association(s) in an amount equal to six (6) monthly installments of the Regular Assessments levied by the applicable Association(s) for each Lot in this phase of development, and has deposited said Bond(s), together with a copy of Real Estate Form 643, executed by both Seller and Escrow Holder, with Escrow Holder, who shall not release said Bond(s) until (a) escrows have closed on eighty percent (80%) of all Lots in the phase of development in which the Property is located; and (b) Escrow Holder has received a certified copy of a resolution of the Board of Directors of the applicable Association(s), adopted not less than **thirty (30) days** prior to its receipt, stating that Seller is not delinquent in the payment of any Assessments for which Seller is obligated; and

5.6 **Common Area.** Title to any common area in the phase of development in which the Property is located, if applicable, has been conveyed by Seller to the applicable Association(s) free and clear of any blanket encumbrances, and the statutory period for recordation of all mechanics' lien claims has expired, or the applicable Association(s) will be provided at Seller's expense, with a policy of title insurance insuring the applicable Association(s) against unrecorded mechanics' liens.

6. **INSURANCE.** Escrow Holder shall order insurance on subject property in the form and in the amounts as required by Lender and pay premium(s) for same through this escrow. If the property is attached housing where there is a master insurance policy in effect, Escrow Holder shall obtain Insurance Certificate on said Master Policy acceptable to Lender. **MASTER INSURANCE POLICIES DO NOT COVER MANY ITEMS**

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

COVERED BY A HOMEOWNERS POLICY AND BUYER MAY WISH TO INCREASE OR EXPAND THE COVERAGE OF A MASTER POLICY (IF ANY).

7. **MISCELLANEOUS.**

7.1 **Entire Agreement.** This Addendum contains the entire Agreement between the parties concerning the Property being located within a "common interest development" as defined in California Civil Code Section 4100. All prior discussions, negotiations and agreements, if any, whether oral or written, are hereby superseded by this Addendum. No addition or modification of this Addendum shall be effective unless set forth in writing and signed by Buyer and an authorized representative of Seller.

7.2 **Time.** Time is of the essence of this Addendum.

7.3 **Capitalized Terms.** Various capitalized terms used in this Addendum are defined in the Agreement and shall have the same meaning as set forth therein, unless otherwise indicated herein.

All Buyers must execute this Addendum to be binding,

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's
Acceptance Date: _____, 20 _____

Date: _____, 20 _____

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

ADDENDUM "B"

ESCROW HOLDER'S GENERAL ESCROW INSTRUCTIONS

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 **BUYER'S NAME** _____

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated _____, 20____ by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement.

1. **GOOD FUNDS.** All parties are hereby made aware that in accordance with Section 12413.1 of the California Insurance Code, no title insurance company or controlled escrow holder can disburse funds from an escrow account until such funds have been collected, i.e., are "good funds". Consequently, the funds required from the Buyer and any Lender to be deposited immediately prior to the Close of Escrow must be in the form of a wire transfer or cashier's check. Any check deposited will be subject to a three (3) to seven (7) day clearance period prior to the Close of Escrow and the disbursement of funds may delay the closing. If any check submitted to the Escrow Holder is dishonored for payment, Escrow Holder is authorized to notify all principals and/or their respective agents of such nonpayment.

2. **ADDITIONAL FEES.** Each party shall reimburse Escrow Holder for any special messenger, courier, express mail or bank wire fees incurred on their behalf. It is understood that the fees agreed to be paid for Escrow Holder's services are for ordinary and usual services only, and should there be any extraordinary or unusual services rendered by Escrow Holder, the parties herein agree to pay reasonable compensation to Escrow Holder for same.

3. **ADDRESS OF RECORD.** All documents and funds due the respective parties herein are to be mailed to the addresses set out in these instructions below their respective signatures, unless otherwise instructed. Buyer's address following the Close of Escrow shall be deemed to be the new property address unless Escrow Holder is notified to the contrary by Buyer. Buyer and Seller's signatures on any documents and/or instructions pertaining to this escrow indicate Buyer and Seller's unconditional approval of same, The parties herein authorize you to destroy these instructions and records in this escrow at any time after five (5) years from the date of Close of Escrow.

4. **DEFINITIONS.** "Opening of Escrow" is defined as the time when this original Offer for Joint Purchase Agreement and Escrow Instructions have been signed by all parties and delivered into escrow. Escrow Holder's duty to act as Escrow Holder does not commence until such time as Escrow Holder is in receipt of same. The term "Close of Escrow" is the day that all instruments referred to herein are filed for record with the County Recorder. Escrow Holder is authorized to furnish copies of this Agreement, instructions, amendments thereto, closing statements and/or any other documents deposited in this escrow to the Lender or lenders and/or any real estate broker involved in this transaction upon the request of same.

5. **DEPOSIT OF FUNDS.** All funds received in this escrow shall be deposited with a State or Federal bank with other escrow trust funds and all disbursements shall be made by check of Escrow Holder. In the event it may be necessary, in order to comply with these instructions, Escrow Holder is authorized to deposit or have deposited documents and/or funds with any duly authorized sub-escrow agent, bank, title company, or licensed escrow, prior to the close of escrow and subject to Escrow Holder's order. Escrow Holder is authorized to transfer any of Buyer's funds on deposit for the property under any Reservation Agreement to this escrow for credit to Buyers account herein. Disbursement checks not presented for payment within six (6) months of date are subject to Escrow Holder's scheduled service charges.

6. **NOTICE OF CANCELLATION.** If for any reason escrow cannot be closed within the stated period of time you shall nevertheless close it as soon as possible thereafter unless notice of cancellation is given by either party. Any notice of cancellation affecting this escrow, for whatever reason and whenever given, may be given only in writing delivered to Escrow Holder. On receipt of such notice, Escrow Holder shall within **three (3) days** mail one (1) copy to the other party. Except for demand of cancellation pursuant to any liquidated damages provision pursuant to the Contingent Sale Addendum, unless written objection thereto from such other party shall be received by Escrow Holder within **ten (10) days** after such mailing, Escrow Holder is authorized to comply with any instructions in such notice and to cancel the escrow upon payment of Escrow Holder's cancellation charges. In the event written objection is received within the time stated or in the event conflicting claims are made upon Escrow Holder in this escrow, Escrow Holder may refuse to take further action hereunder and may interplead the parties in any court of competent jurisdiction, in which case Escrow Holder shall be entitled to its costs including reasonable attorneys' fees incurred therein. If Escrow Holder becomes a party to any civil action by reason of this escrow, Escrow Holder shall be entitled to recover its attorneys' fees and costs, as may be allowed by the court.

7. **INSURANCE.** Escrow Holder shall order insurance on subject property in the form and in the amounts as required by Lender and pay premium(s) for same through this escrow.

8. **DISCLOSURES.** Escrow Holder is not to be concerned with the giving of any disclosures except as expressly required by Federal or State law to be given by Escrow Holder, nor is Escrow Holder to be concerned with the effect of zoning ordinances, land division regulations or building restrictions which may pertain to or affect the land or improvements that are the subject of this escrow. The parties to this escrow have satisfied themselves outside of escrow

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

that the transaction covered by this escrow is not in violation of the Subdivision Map Act or any other law regulating land division. Escrow Holder is relieved of all responsibility and/or liability in connection therewith and is not to be concerned with the enforcement of said laws.

9. **PRELIMINARY CHANGE OF OWNERSHIP FORM.** Buyer is required to furnish a Preliminary Change of Ownership form with the County and a penalty will be charged by the County if the form is not filed or is unacceptable. Escrow Holder will furnish the required form to Buyer, but will not accept responsibility for its acceptance or rejection.

10. **INSTRUCTIONS TO CLOSE.** In the event that conditions of this escrow have not been complied with at the expiration of the time provided for herein, Escrow Holder is instructed, nevertheless, to complete the same at any time thereafter as soon as the conditions (except as to time) have been complied with, unless any of the parties have made written demand for cancellation and/or return of money or documents.

11. **ESCROW HOLDER NOT LIABLE.** Escrow Holder shall not be liable for the sufficiency or correctness as to form, manner of execution or validity of any instruments deposited in this escrow, or as to identity, authority or rights of any person executing the same or for failure to comply with any of the provisions of any agreements or other instruments filed herein and referred to herein. Escrow Holder shall not be concerned with any matters relating to construction, warranties or other agreements made between Buyer and Seller over which Escrow Holder has no control and/or which agreements may survive Close of Escrow. Any agreements between Buyer and Seller are entered into the Agreement as a matter of record solely between Buyer and Seller with which Escrow Holder is not to be concerned and Escrow Holder's duties hereunder shall be limited to the safekeeping of such money, instruments or other documents received by Escrow Holder and for the disposition or return of same in accordance with the Escrow Instructions set forth herein.

12. **DEMANDS.** Pay at the close of escrow, from Seller's funds, any demand for reconveyance, releases or satisfactions of any encumbrances of record and any taxes, payment and/or release which are necessary to place title in condition to close this escrow.

13. **COUNTERPARTS/AMENDMENTS.**

13.1 Any instructions to this escrow may be executed in counterparts, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original and such counterparts together shall constitute one and the same instrument.

13.2 Any amended, supplemental or additional instructions given in connection with this escrow shall be subject to the conditions contained herein.

14. **CONFLICTING DEMANDS OR DISPUTES.** In the event conflicting written demand or notices are made or served upon Escrow Holder or any controversy arises between the parties hereto or with any third party growing out of or relating to this escrow, Escrow Holder shall have the absolute right to withhold all further proceedings in this escrow until receipt of satisfactory written notice of the settlement of the controversy by agreement of the parties hereto, or by final judgment of an arbitrator or court of competent jurisdiction and/or Escrow Holder may interplead the parties in any court of competent jurisdiction. All parties to this escrow hereby jointly and severally promise and agree to pay promptly on demand, as well as to indemnify Escrow Holder and hold same harmless from and against, all litigation and interpleader costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of every kind which, in good faith, Escrow Holder may incur or suffer in connection with or arising out of this escrow, whether said litigation, interpleader, obligations, liabilities or expenses arise during the performance of this escrow or subsequent thereto, directly or indirectly. Escrow Holder is hereby given a lien upon all rights, title and interest of each of the parties hereto in all escrow documents, funds and other property and all monies or property for any and all expenses, including cancellation costs, attorneys' fees, losses and other liabilities caused Escrow Holder in this escrow. No action shall lie against Escrow Holder for any claim, loss, liability or alleged cause of action of any kind or nature whatsoever, however caused or occurred under this escrow or in connection with the handling or processing of this escrow unless brought within twelve (12) months after the Close of Escrow.

All Buyers must execute this Addendum to be binding.

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's Acceptance Date: _____, 20_____

Date: _____, 20_____

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

ADDENDUM "C"

CONTINGENT SALE ADDENDUM

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 BUYER'S NAME

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated _____, 20____ by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement.

1. CONTINGENCY. Buyer needs to sell and close escrow for the sale of another property located at:

(Street Address)

(City, State and Zip)

("Buyer's Existing Property") in order to close the escrow for the purchase of the Property. Accordingly, subject to the provisions of this Addendum and provided that Buyer is not in default under the Agreement, Buyer and Seller agree that Buyer's obligation to purchase the Property shall be contingent upon the close of escrow for the sale of Buyer's Existing Property ("Resale Contingency") on the terms, conditions and recitals set forth below.

2. Listing of Buyer's Existing Property.

a. Seller's Policies Regarding Acceptance of Buyer's Offer to Purchase. Seller has the following policies as to whether or not to accept an Offer to Purchase which is contingent on the sale of a buyer's existing property. Buyer acknowledges his or her understanding that these policies are a result of Seller's business concern regarding accepting an Offer To Purchase which is contingent unless Seller determines, in its sole discretion, that the terms of a listing agreement for the sale of Buyer's Existing Property are realistic and that the broker chosen by a buyer is competent, effective in the particular market, ethical and will communicate effectively with Seller and the Lender as to the status of the sale of Buyer's Existing Property.

i. Seller's Policy Regarding Terms of Listing. Seller will not accept an Offer to Purchase which is contingent on the sale of Buyer's Existing Property unless Seller determines, in its sole discretion, that the price of Buyer's Existing Property is realistic, the period of the listing agreement is sufficient and other terms of the listing are satisfactory to Seller.

ii. Seller's Policy Regarding Listing Broker. Seller has determined that ("Realty") is acceptable as the listing broker for Buyer's Existing Property. Should Buyer wish to list Buyer's Existing Property with another real estate broker, Seller will consider the particular broker designated by Buyer. However, Seller will not accept an Offer to Purchase which is contingent on the sale of Buyer's Existing Property unless Seller determines, in its sole discretion, that the broker is competent, effective in the particular market, ethical and will communicate effectively with Seller and the Lender as to the status of the sale of Buyer's Existing Property.

iii. Seller's Right to Evaluate Buyer's Existing Property. Seller may require that it investigate Buyer's Existing Property before Seller decides whether to accept Buyer's Offer to Purchase the Property. Buyer shall permit Seller or Seller's agent to inspect and appraise Buyer's Existing Property at Seller's expense Seller.

Check Which Provision Applies: Paragraph 2(b) or Paragraph 2(c):

[] b. Realty as the Listing Broker. Concurrently with signing this Agreement, Buyer has signed an Exclusive Right to Sell listing agreement with Realty for the sale of Buyer's Existing Property. The Exclusive Right to Sell listing agreement includes a provision which makes it contingent on Seller accepting Buyer's Offer to Purchase the Property.

[] c. Listing With Another Real Estate Broker. Subject to Seller accepting Buyer's Offer to Purchase, Buyer intends to list Buyer's Existing Property with _____ whose business address and telephone number are: _____ a duly licensed California real estate broker ("Outside Broker"). Buyer shall provide to Seller, for its review and approval, each of the following items prior to signing the Offer To Purchase the Property: (i) a copy of the listing agreement; (ii) the broker's resume; (iii) a written competitive market analysis for Buyer's Existing Property prepared by the listing broker which shall set forth Buyer's estimated net sales proceeds; and (iv) the broker's marketing plan ("Marketing Plan"). The Marketing Plan shall include minimum standards for a "For Sale" sign, a lock box, proposed advertising (intervals and methods) and a schedule for broker previews and open houses. Buyer shall cause the broker to provide Seller with weekly reports on the status of the

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

Marketing Plan (including, but not limited to, the days and hours open houses were held, weekly traffic counts and the terms and status of any offers received).

3. **Sale of Buyer's Existing Property.** Buyer shall have until _____, 201____ ("Contingency Date") to enter into a bona fide agreement for the sale of Buyer's Existing Property to a qualified third party purchaser acceptable to Seller, which agreement shall provide for a sale and a concurrent closing of Buyer's Existing Property ("**Existing Property Closing Date**"). *The Existing Property Closing Date shall be the same date as the "Closing Date" set forth in Paragraph 4 of the Agreement.* In the event (i) Buyer has not entered into an agreement for the sale of Buyer's Existing Property by the Contingency Date or (ii) the escrow for the sale of Buyer's Existing Property has not closed by the Existing Property Closing Date, Seller may elect, in its sole discretion, to:

- a. Terminate the Agreement in accordance with **Paragraph 6** below; or
- b. Invoke the procedures set forth in **Paragraph 7** below by providing written notice to Buyer and Escrow Holder.

Any extension of the Contingency Date or Existing Property Closing Date and any new terms by Seller must be in writing and signed by both Seller and Buyer.

2. **Seller's Right to Market the Property.** Notwithstanding Seller's acceptance of Buyer's contingent offer to purchase the Property, Seller shall have the right to continue to offer the Property for sale and to receive offers to purchase the Property from third parties. Should Seller receive a bona fide offer from a third party to purchase the Property on terms acceptable to Seller in its sole discretion ("**Third Party Offer**"), Seller shall promptly notify Buyer either telephonically or in writing (including by email or facsimile).

3. **No Seller Costs; Indemnification.** Seller shall not have any obligation whatsoever to pay any costs, expenses, fees or commissions whatsoever in connection with the sale (or attempted sale) of Buyer's Existing Property, and Buyer agrees to indemnify and hold Seller harmless from and against any claims or demands against Seller for such costs, expenses, fees or commissions.

4. **Termination by Seller.** In the event Buyer fails to satisfy any one of the foregoing conditions by the time periods or dates specified herein, Seller may, in its sole discretion, elect to terminate the Agreement and cancel the escrow by giving written notice to the Escrow Holder. Any delay by Seller in making its election shall not constitute a waiver of its right to do so. In the event Seller elects to terminate the Agreement and cancel the escrow, Buyer shall be entitled to the refund of the Purchase Deposit.

5. **72-Hour Contingency Waiver.** Upon notification of the Third Party Offer, or upon notification from Seller pursuant to **Paragraph 3(b)** above, Buyer shall have a period of 72 hours ("**Election Period**") in which to notify Seller, in writing, of Buyer's election of either of the following:

- a. To terminate the Agreement and the escrow, in which event (i) Buyer shall be entitled to the refund of the Purchase Deposit, and (ii) Seller shall be free to accept the Third Party Offer and shall thereafter have no further obligation to sell the Property to Buyer; or
- b. To waive the Resale Contingency, in which event Buyer shall be obligated to purchase the Property on all the terms and conditions of the Agreement, including without limitation **Paragraph 23** of the Agreement, captioned "LIQUIDATED DAMAGES," without reference to the Resale Contingency.

If Buyer fails to deliver written notice of its election within the Election Period, Buyer shall be conclusively deemed to have elected to terminate the Agreement and the Escrow in accordance with **Paragraph 7(a)** above.

2. **Option Deposits; Liquidated Damages.** Buyer acknowledges that Seller is allowing Buyer to proceed with the purchase of the Property subject to the Resale Contingency, even though the Agreement may require Buyer's selection of certain options. Buyer further acknowledges that as a result, the residence as constructed will be customized to Buyer's individual selections, which may or may not have the same value, or even any value at all, to another purchaser. **ACCORDINGLY, AND AS A MATERIAL INDUCEMENT TO SELLER WITHOUT WHICH SELLER WOULD NOT HAVE AGREED TO THE RESALE CONTINGENCY, BUYER AGREES THAT ANY OPTION DEPOSITS ARE PART OF THE PURCHASE DEPOSIT AND SHALL BE SUBJECT TO PARAGRAPH 23 OF THE AGREEMENT IN ALL CIRCUMSTANCES OTHER THAN TERMINATION OF THE AGREEMENT AND ESCROW BY REASON OF SELLER'S DEFAULT, AND THAT IF BUYER DOES NOT WAIVE THE RESALE CONTINGENCY AND ELECTS (OR IS DEEMED TO ELECT) TO TERMINATE THE AGREEMENT AND THE ESCROW, ANY SUCH OPTION DEPOSITS ARE PART OF THE PURCHASE DEPOSIT AND SHALL BE PAID TO SELLER ONLY AS LIQUIDATED DAMAGES SUBJECT TO PARAGRAPH 23 OF THE AGREEMENT.**

Notwithstanding the preceding Paragraph, in order to minimize the possibility that the residence is customized with features that would have minimal or even negative value to other prospective purchasers, the parties agree that while the Resale Contingency remains outstanding, all options selections shall be subject to Seller's approval and Buyer may not select any options that have not been approved by Seller.

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

3. **Miscellaneous.**

a. Escrow Instructions. Upon Escrow Holder's receipt of Seller's or Buyer's written notice to cancel the escrow, Escrow Holder shall immediately cancel the escrow, without further instructions required by the Buyer or Seller (as the case may be), and return to Buyer the Purchase Deposit, less the Third Party Charges specified in the Agreement and normal escrow cancellation charges as specified herein.

b. Entire Agreement. This Addendum contains the entire agreement between the parties concerning the sale and close of escrow for Buyer's Existing Property as a contingency to Buyer's obligation to purchase the Property from Seller. All prior discussions, negotiations and agreements, if any, whether oral or written, are hereby superseded by this Addendum. No addition or modification of this Addendum shall be effective unless set forth in writing and signed by Buyer and an authorized representative of Seller.

c. Hold Harmless. Buyer and Seller each agree to hold Escrow Holder harmless from any claim, liability or obligation arising out of this Addendum.

d. Time. Time is of the essence in this Addendum.

e. Capitalized Terms. Various capitalized terms used in this Addendum are defined in the Agreement and shall have the same meaning as set forth therein, unless otherwise indicated herein.

f. Execution by Buyers. All Buyers must execute this Addendum to be binding.

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's
Acceptance Date: _____, 20____

Date: _____, 20____

Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

ADDENDUM "D"

**DISCLOSURE ADDENDUM
(To Be Attached)**



Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

ADDENDUM "E"

CONSTRUCTION STANDARDS AND NON-ADVERSARIAL PROCEDURES FOR STATUTORY CONSTRUCTION CLAIMS

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 BUYER'S NAME

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated ... 20... by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement.

Seller hereby gives the following notices and delivers the documentation and materials described in this Addendum below on its own behalf and on behalf of each general contractor who, as of the date of the Agreement: (i) is in the business of building, developing or constructing the Property for public purchase; and (ii) is a partner, member of, subsidiary of, or otherwise similarly affiliated with Seller. Such affiliated general contractors and affiliated contractors are each referred to herein as an "Affiliated Contractor".

1. RESIDENTIAL CONSTRUCTION LEGISLATION. California Civil Code Section 895 et seq. ("SB 800") is residential construction legislation establishing construction standards and providing non-adversarial procedures for resolution of claims. Such claims are referred to in this Addendum as "Statutory Construction Claims." The following is a summary of some of the pertinent provisions of SB 800:

SB 800 provides a series of standards describing how a home and its components should function (the "Standards"). These Standards are divided into categories such as water intrusion, structural and soils-related issues, fire protection issues, plumbing and sewer, electrical and several other areas of construction. Components must meet the Standards for periods which vary from one to ten years, as set forth in SB 800.

A builder may be excused from its obligations under SB 800 if a buyer fails to properly maintain the home, fails to promptly notify the builder of damage, if damage to a component is caused by a third party or act of nature, or under certain other circumstances specified in Section 945.5 of SB 800.

If a claim arises under SB 800, a buyer must follow the "non-adversarial procedures" set forth in Sections 910 through 938 of SB 800. These procedures define certain actions that are required from both a buyer and the builder and the time frames for completing those actions.

SB 800 does not preclude Buyer from seeking, and Buyer is encouraged to seek, repairs or redress of claims through Seller's Customer Service Program as set forth in Seller's homeowner manual (as described in paragraph 6 below), instead of, or prior to, initiating formal claim procedures under the Statute.

Seller has provided to Buyer, and Buyer hereby acknowledges receipt of, a copy of Title 7 of Part 2 of Division 2 of the Civil Code as required under SB 800. YOU SHOULD READ THESE PROVISIONS CAREFULLY AND SEEK LEGAL ADVICE IF YOU HAVE ANY QUESTIONS REGARDING ITS IMPACT ON THE PROPERTY YOU ARE PURCHASING.

BUYER'S INITIALS

BUYER'S INITIALS

SELLER'S INITIALS

2. FIT & FINISH WARRANTY. In connection with your purchase of the Property, Seller will provide you with a fit and finish warranty ("Fit & Finish Warranty"), which warrants the fit and finish of certain components of your home for one year from the close of escrow, subject to certain exclusions which include but are not limited to, the failure to properly maintain the components and damage caused by third parties. The Fit & Finish Warranty will be provided to you by Seller on its own behalf and on behalf of each Affiliated Contractor. Claims for repairs under the Fit & Finish Warranty are not subject to the non-adversarial procedures in SB 800. Such claims should be made to Seller's customer service representative as set forth in the homeowner's manual referenced in paragraph 6 below.

EXCEPT FOR DISCLAIMER AND EACH AFFILIATED CONTRACTOR DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THAT THE HOME WAS DESIGNED AND CONSTRUCTED IN A WORKMAN-LIKE MANNER, FITNESS FOR A PARTICULAR PURPOSE, AND MERCHANTABILITY.

BUYER'S INITIALS

BUYER'S INITIALS

SELLER'S INITIALS

4. NOTICE OF CLAIMS. If Buyer or any successor to Buyer's interest claims that the construction of the residence on the Property violates any or all of the Standards, Buyer shall provide notice to Seller (or Seller's Agent) and each Affiliated Contractor at the address listed below.

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

Legal/Risk Management Department

_____, CA _____
Attn: SB800 CLAIMS ADMINISTRATOR

This contact information is subject to change. The name and address of Seller's and each Affiliated Contractor's agent under Civil Code Section 912(e) is also available at the office of the California Secretary of State. To ensure that notice is delivered to Seller and each Affiliated Contractor at their correct address(es), Buyer is advised to confirm the current name and address of Seller's and each Affiliated Contractor's agent with the Secretary of State before delivering notice. This information can be provided by written request to:

California Secretary of State
Special Filings Unit
P.O. Box 944225
Sacramento, California 94244-2250
or by telephone at (916) 653-3984

By initialing below, Buyer acknowledges and agrees that Seller has provided Buyer with the name and address of the contact person for notice of any claimed violations of the Standards, both on Seller's own behalf and on behalf of each Affiliated Contractor.

BUYER'S
INITIALS

BUYER'S
INITIALS

SELLER'S
INITIALS

4. **STATUTORY NON-ADVERSARIAL PROCEDURES.** By initialing below, Buyer acknowledges that Seller has initially elected to use certain procedures referred to as the "non-adversarial procedures" for the resolution of Statutory Construction Claims regarding the Property, as set forth in SB 800 at Sections 910 through 938. Seller has recorded or will record a notice of these procedures on the Property prior to the Close of Escrow. Buyer has had the opportunity to read the non-adversarial procedures in the Statute and acknowledges that the procedures set forth therein impact Buyer's legal rights with respect to the Property. According to the terms of SB 800, the non-adversarial procedures will not apply with respect to a given claim if the builder (i) elects not to use the non-adversarial procedures, or (ii) does not comply with the requirements set forth therein. In such an instance, the parties would proceed to binding arbitration as set forth in paragraph 9 below.

BUYER'S
INITIALS

BUYER'S
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SELLER'S
INITIALS

5. **RECEIPT OF SB 800 DOCUMENTS; BUYER TO PROVIDE TO SUBSEQUENT BUYERS.** Buyer acknowledges that it has received or may in the future receive certain documents in conjunction with Buyer's purchase of the Property, including, but not limited to, those referenced in the Receipt of Documents and Information. Buyer shall maintain a full and complete copy of all documents. Buyer agrees to provide any subsequent buyer with a complete copy of all documents as required by SB 800. Buyer should instruct subsequent buyers to provide to their subsequent buyers a complete copy of all documents.

BUYER'S
INITIALS

BUYER'S
INITIALS

SELLER'S
INITIALS

6. **MAINTENANCE RESPONSIBILITIES.** Seller shall, concurrently with the execution of the Agreement, provide Buyer with a homeowner manual which contains maintenance information that outlines Seller's and/or manufacturers' recommended homeowner maintenance obligations and schedules ("Maintenance Manual").

By initialing below, Buyer acknowledges and agrees that Buyer shall follow the recommendations set forth in the Maintenance Manual, as the same may be updated from time to time. Buyer further acknowledges and agrees that Buyer shall provide a copy of the Maintenance Manual to any subsequent buyers of the Property.

BUYER'S
INITIALS

BUYER'S
INITIALS

SELLER'S
INITIALS

7. **MANUFACTURERS' WARRANTIES.** Effective at close of escrow, Seller assigns to Buyer all of those manufacturers' warranties for appliances, fixtures and other equipment installed in the Property that are listed in the Receipt of Documents and Information, which will be provided to Buyer at the time the Agreement is executed. Seller may supplement the list of manufacturers' warranties that are to be assigned to Buyer any time prior to the close of escrow. Buyer acknowledges that certain actions may void such manufacturers' warranties (e.g., sealing grout or adding tinting to dual-glazed windows).

Buyer's Initials Buyer's Initials Buyer's Initials Buyer's Initials

8. **SURVIVABILITY.** The parties intend that each provision of this Agreement that pertains to matters or events that occur, or performance that is to be rendered, after the close of escrow shall survive the close of escrow.

9. **BINDING ARBITRATION.** If a Statutory Construction Claim is not resolved through the non-adversarial procedures described herein, or if the non-adversarial procedures are deemed not to apply to a given claim, such claims shall be resolved through binding arbitration pursuant to the provisions set forth in the Alternative Dispute Resolution Addendum (Addendum "F") to the Agreement. All unresolved claims related to the Fit & Finish Warranty shall also be resolved through binding arbitration.

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's
Acceptance Date: _____, 20____

Date: _____, 20____

Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

ADDENDUM "F"

ALTERNATIVE DISPUTE RESOLUTION ADDENDUM

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 **BUYER'S NAME**

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated _____, 20____ by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement.

1. **ARBITRATION OF DISPUTES.** BUYER AND SELLER AGREE THAT ANY "DISPUTE" (AS SUCH TERM IS DEFINED IN THE SUPPLEMENTAL DECLARATION OF RESTRICTIONS FOR CANTERA ("DECLARATION")) SHALL BE RESOLVED ACCORDING TO THE PROVISIONS SET FORTH IN THE DECLARATION, AND BUYER AND SELLER WAIVE THEIR RESPECTIVE RIGHTS TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THE DECLARATION. BUYER AND SELLER ACKNOWLEDGE THAT, BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THE DECLARATION THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY.

NOTICE: BY INITIALLING IN THE SPACE BELOW BUYER AND SELLER ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND BUYER AND SELLER ARE GIVING UP ANY RIGHTS BUYER AND SELLER MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW BUYER AND SELLER ARE GIVING UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF BUYER OR SELLER REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, BUYER OR SELLER MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.

I/WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES TO BINDING ARBITRATION.

BUYER'S INITIALS

BUYER'S INITIALS

SELLER'S INITIALS

3. **Survival; Successors and Assigns.** The rights and obligations of the parties pursuant to this Addendum shall survive the close of escrow. This Addendum and the rights, duties and obligations of Buyer and Seller shall be binding upon and shall inure to the benefit of the successors and assigns of Seller and, subject to any limitation on assignment contained in the Agreement, to the heirs, executors, administrators, successors and assigns of Buyer.

4. **Severability.** In addition to and without limiting the effect of any general severability provisions of the Agreement, if the arbitrator or any court determines that any provision of this Addendum is unenforceable for any reason, that provision shall be severed, and proceedings agreed to in this Addendum shall be conducted under the remaining enforceable terms of this Addendum.

BY SIGNING THIS ADDENDUM, BUYER AND SELLER AGREE TO BE BOUND BY ITS PROVISIONS.

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's Acceptance Date: _____, 20____

Date: _____, 20____

Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

ADDENDUM "G"

FIT & FINISH WARRANTY ADDENDUM

PROJECT Cantera LOT/UNIT NO. 17 TRACT NO. 16-01

PHASE NO. 1 **BUYER'S NAME**

(Print Buyer's Last Name)

This Addendum supplements that certain Joint Purchase Agreement and Escrow Instructions dated _____, 20____ by and between Seller and Buyer (the "Agreement") regarding the purchase by Buyer of the Property described in the Agreement. Subject to the exclusions and limitations listed below, Seller provides the following fit and finish warranty on the home you are purchasing (this "Warranty"). Seller provides this Warranty on its own behalf and on behalf of each Affiliated Contractor (defined below).

**ARTICLE 1
DEFINITIONS**

1.1 **"Affiliated Contractor"** – Each general contractor and contractor who, as of the date of the Agreement: (i) is in the business of building, developing or constructing the Residence for public purchase; and (ii) is a partner, member of, subsidiary of, or otherwise similarly affiliated with Seller.

1.2 **"Close of Escrow"** – The date of recordation of the grant deed conveying the Property from Seller to Buyer.

1.3 **"Components"** – Cabinets, mirrors, flooring, interior and exterior walls, wall coverings, countertops, paint finishes and trim.

1.4 **"Deficiency"** – The Fit & Finish of a Component does not meet the standards of quality as measured by guidelines found in the publication, *Residential Performance Guidelines for Professional Builders and Remodelers*, National Association of Home Builders, 2000 (2nd Edition), or if an item is not covered in that publication, by standard industry practice, subject to the terms and conditions of this Warranty.

1.5 **"Fit & Finish"** – The non-structural, cosmetic appearance or alignment of the Components, subject to the terms, conditions and exclusions of this Warranty.

1.6 **"Maintenance Manual"** – The manual provided by Seller to Buyer that outlines Seller's or manufacturers' recommended homeowner maintenance obligations and schedules. The Maintenance Manual is found in the _____ Homeowner Manual.

1.7 **"Residence"** – The separate interest portion of a condominium or the single-family home conveyed or to be conveyed by Seller to Buyer.

1.8 **"Unforeseen Acts of Nature"** – A weather condition, earthquake, or man-made event such as war, terrorism or vandalism, in excess of the design criteria expressed by the applicable building codes, regulations and ordinances in effect at the time of original construction of the Residence.

1.9 **"Walkthrough"** – The walkthrough inspection of a Residence, with a Seller representative, before Close of Escrow for the purpose of familiarizing Buyer with the features and appliances in the Residence. The Fit & Finish of Components will be inspected during the Walkthrough, and if Deficiencies are discovered, they must be identified and reported to the Seller representative. If such Deficiencies are not reported at the time of the Walkthrough, they may be excluded from coverage under this Warranty, as items of damage caused by Buyer or a third party.

1.10 **"Warranty Period"** – ONE YEAR from the Close of Escrow.

**ARTICLE 2
WARRANTY**

Seller, on its own behalf and on behalf of each Affiliated Contractor, warrants the Fit & Finish of the Components to be free from Deficiencies during the Warranty Period, subject to the exclusions in Article 4.

**ARTICLE 3
SCOPE OF WARRANTY**

3.1 **Performance by Seller and Affiliated Contractors.** During the Warranty Period, Seller will, within a reasonable amount of time, repair or replace the affected Component(s) at no charge to Buyer if repair or replacement is appropriate under this Warranty. The decision whether to repair or replace the Component(s) shall be within the sole discretion of Seller or the Affiliated Contractor (as applicable).

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Buyer's Initials _____ **Buyer's Initials** _____ **Buyer's Initials** _____ **Buyer's Initials** _____

3.2 Repair Materials/Subcontractors. All repairs or replacements will be made with materials or components identical to, or of an equal or better grade or quality than, the materials or components used in the original construction of the Residence. Seller or the Affiliated Contractor (as applicable) has the right to choose the specific materials and components and the subcontractors used for repair or replacement work in its sole discretion. There could be color or texture variations with the new materials.

3.3 Assignment of Other Insurance and Warranties. In the event Seller or an Affiliated Contractor repairs, replaces or pays the cost of repairing any Deficiency or replacing any Component covered by this Warranty for which Buyer is covered by any other insurance or warranty, Buyer assigns to Seller or the Affiliated Contractor (as applicable) all rights, proceeds or payments under such other insurance or warranty to the extent of the actual cost of repair or replacement incurred by Seller or the Affiliated Contractor (as applicable), and Buyer authorizes Seller or the Affiliated Contractor (as applicable) to file a claim against any insurance or warranty on Buyer's behalf. Buyer shall cooperate with Seller or the Affiliated Contractor (as applicable), at no out-of-pocket cost to Buyer, with respect to such claim. To the extent permitted by Buyer's insurance, Buyer agrees to look only to Buyer's insurance coverage for covered claims and to waive any right of subrogation to the extent of such insurance.

3.4 **DISCLAIMER OF IMPLIED WARRANTIES. EXCEPT FOR THIS WARRANTY, SELLER AND EACH AFFILIATED CONTRACTOR DISCLAIM ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THAT THE HOME WAS DESIGNED AND CONSTRUCTED IN A REASONABLY WORKMANLIKE MANNER, FITNESS FOR PARTICULAR PURPOSE, AND MERCHANTABILITY.**

Buyers' Initials: () ()

3.5 **LIMITATION OF AVAILABLE REMEDIES.** BUYER AGREES THAT THE SOLE AND EXCLUSIVE REMEDIES FOR THE BREACH OF THIS WARRANTY SHALL BE TO REPAIR OR REPLACE THE COMPONENT. BUYER OTHERWISE AGREES TO ASSUME ALL RISKS ARISING FROM A BREACH OF WARRANTY, INCLUDING, BUT NOT LIMITED TO, ALL ECONOMIC, CONSEQUENTIAL AND EMOTIONAL DISTRESS DAMAGES. EXCEPT TO REPAIR OR REPLACE THE COMPONENT, NEITHER SELLER NOR ANY AFFILIATED CONTRACTOR SHALL OTHERWISE BE LIABLE FOR ANY DAMAGE FOR BREACH OF WARRANTY. BY INITIALING BELOW, BUYER REPRESENTS THAT BUYER UNDERSTANDS THAT REPAIR OR REPLACEMENT UNDER THIS WARRANTY IS EXPRESSLY CONDITIONED UPON SELLER, THE AFFILIATED CONTRACTOR OR THEIR RESPECTIVE AUTHORIZED AGENT BEING GRANTED A REASONABLE OPPORTUNITY TO REPAIR OR REPLACE SUCH COMPONENT. BUYER AGREES THAT SELLER, THE AFFILIATED CONTRACTOR OR THEIR RESPECTIVE AUTHORIZED AGENTS, AND NOT BUYER, SHALL DETERMINE THE MATERIAL AND METHODS TO BE USED IN EFFECTING SUCH REPAIR OR REPLACEMENT.

Buyers' Initials: () ()

**ARTICLE 4
EXCLUSIONS**

The following are not covered by this Warranty:

4.1 Wear and Tear. Damage to the Components due to ordinary wear and tear.

4.2 Buyer's Failure to Maintain Properly. Any Deficiency, loss or damage caused by lack of reasonable care and maintenance, failure to follow a manufacturer's or Seller's or an Affiliated Contractor's maintenance schedule, recommendations or commonly accepted Buyer maintenance obligations. On behalf of itself and each Affiliated Contractor, Seller has provided a description and list of suggested homeowner's care and maintenance items and procedures in the Maintenance Manual and a schedule for such maintenance. From time to time, Seller or an Affiliated Contractor may perform a maintenance task for the benefit of Buyer at no charge; however, performing a task on one or more occasions does not imply or require that Seller or the Affiliated Contractor will perform a similar task at a later date, nor shall such performance be deemed to extend the Warranty Period.

4.3 Casualties or Unforeseen Acts of Nature. Any Deficiency, loss or damage caused by Unforeseen Acts of Nature. Casualties normally covered by homeowner's insurance, or any other cause not under the control of Seller or an Affiliated Contractor such as fire, smoke, explosion, water escape, fluctuations in water pressure, flood, insects, and falling trees. Damage of this sort may be covered by your homeowner's insurance. You should contact your insurance carrier within 24 hours of the occurrence of any such damage.

4.4 Abuse of Residence. Damage caused either by the misuse, abuse, neglect or the use of the Residence in a manner which was not intended.

4.5 Materials Furnished by Buyer. Any Deficiency caused by materials furnished or work done by or at the request of Buyer, including any work done by anyone other than Seller, an Affiliated Contractor or the employees, agents or subcontractors expressly selected by Seller or an Affiliated Contractor.

4.6 Variations in Natural Materials. Variations in natural materials, such as stone, marble, wood grain and color of stained wood used in cabinets, paneling, siding, doors and wood trim. These variations are inherent characteristics of natural materials and are not a Deficiency.

4.7 Failure to Give Timely Notice. Any Deficiency, loss or damage caused or made worse by Buyer's failure to timely notify Seller or an Affiliated Contractor (as applicable) of any Deficiency.

4.8 Failure to Mitigate Damages. Any Deficiency, loss or damage caused or made worse by Buyer's failure to minimize or prevent damages in a timely manner.

4.9 Refusal to Allow Repair. Any Deficiency, loss or damage caused by the Buyer's failure to allow reasonable and timely access for inspections and repairs.

4.10 Buyer or Third-Party Negligence. Any Deficiency, loss or damage caused or made worse by the negligence of Buyer (or Buyer's agent, employee, subcontractor, independent contractor, or consultant) or a third party.

4.11 Successful Repair. Any Deficiency, to the extent that such Deficiency has been successfully repaired or corrected.

4.12 Released Violation. Any Deficiency, for which liability has been released by Buyer pursuant to a release agreement with Seller, Seller, an Affiliated Contractor, a manufacturer or any other third party.

4.13 Warranty Period. Any Deficiency that occurs after the Warranty Period.

4.14 Statutory Claims. Any claims for Deficiencies, loss or damage governed by California Civil Code Sections 895 through 897 and Sections 910 through 938, as may be hereafter amended.

ARTICLE 5 PROCEDURES FOR FILING A WARRANTY REQUEST FOR SERVICE

5.1 How to Request Warranty Service. To assure quality, and to allow Seller and each Affiliated Contractor to maintain a complete file on your home, all requests for warranty service under this Warranty must be submitted in writing to Seller or the Affiliated Contractor, as set forth in Chapter titled "*Customer Service*" in the _____ Homeowner Manual. All of the procedures and contact information for submitting a customer service request are set forth in the *Customer Service* Chapter of the Homeowner Manual.

5.2 Service Requests Not Covered by Warranty. If Seller or the Affiliated Contractor (as applicable) determines that a particular service request is not covered by this Warranty, Seller or the Affiliated Contractor will provide Buyer with a notification describing why the Buyer's service request is not covered. Failure to send such a notice shall not be deemed evidence that a service request is a covered Deficiency. If a service request is governed by California Civil Code, Section 895, et seq., the non-adversarial procedures described in Addendum to the Agreement entitled "Construction Standards and Non-Adversarial Procedures for Statutory Construction Claims" will apply to such service request, instead of the procedures set forth in this Article 5.

ARTICLE 6 GENERAL PROVISIONS

6.1 Applicable Law. This Warranty is made in the State of California and is to be interpreted and constructed in accordance with the cases and laws of California.

6.2 Interpretation. Whenever the context requires, the use herein of one gender includes both genders and the singular number includes the plural number.

6.3 Modification. No modification or change of this Warranty is valid unless it is in writing and signed by Buyer and Seller.

6.4 Captions. Captions are inserted for convenience of reference only and do not define, describe or limit the scope or intent of this Warranty or any provisions hereof.

6.5 Time of the Essence. Time is of the essence on all matters of any nature arising under this Warranty.

6.6 Severability. Should any provision or portion of this Warranty be declared invalid or in conflict with any law of the jurisdiction where your Residence is situated, the validity of all other provisions and portions shall remain unaffected and in full force and effect. This Warranty is intended to be a Fit & Finish Warranty under California Civil Code Section 900. To the extent of any conflicts between this Warranty and the requirements of Civil Code Section 900, the requirements of the statute shall control over the terms of this Warranty.

ARTICLE 7 DISPUTE RESOLUTION

All disputes arising under this Warranty will be resolved in accordance with the same procedures for Dispute Notification and Resolution as set forth in the Alternative Dispute Resolution Addendum of the Agreement. The statutory non-adversarial procedures applicable to certain construction defect claims under California Civil Code Sections 910 through 938, as hereafter amended, shall not apply to any claims under this Fit & Finish Warranty.

Purchase Agreement Form.20240405..wpd

Buyer's Initials **Buyer's Initials** **Buyer's Initials** **Buyer's Initials**

Note: Our sales staff does not have responsibility for, nor are they qualified to make, judgments regarding service. All such commitments must be in writing and must come from our Customer Service Department. Seller is very proud of its service and trusts you will find its policy to be fair to all concerned. Proper service and a continuing program of homeowner maintenance will keep your property in good condition both for your own comfort and to maximize its usefulness and durability.

IN WITNESS WHEREOF, the parties have executed this Addendum and make it effective as of the date of Seller's acceptance indicated below.

"SELLER"

"BUYER"

_____, a

(Signature)

By: _____

(Signature)

(Signature)

(Signature)

Seller's
Acceptance Date: _____, 20_____

Date: _____, 20_____

RECEIPT FOR FIT & FINISH WARRANTY

BY SIGNING BELOW, BUYER ACKNOWLEDGES AND AGREES THAT BUYER HAS RECEIVED A COPY OF THE FIT & FINISH WARRANTY BEFORE SIGNING THE JOINT PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS, THAT BUYER HAS HAD THE OPPORTUNITY TO READ AND HAS READ AND UNDERSTOOD THE SCOPE OF, AND THE TERMS, CONDITIONS, EXCEPTIONS AND EXCLUSIONS CONTAINED IN, THE FIT & FINISH WARRANTY. THE FIT & FINISH WARRANTY IS THE ONLY WARRANTY, EXPRESS OR IMPLIED, WHICH IS APPLICABLE TO THE PROPERTY BEING PURCHASED BY BUYER.

I/WE HAVE RECEIVED, READ AND UNDERSTAND THE FIT & FINISH WARRANTY.

BUYER

DATED

BUYER

DATED

ADDENDUM H

CONDITIONAL SUBDIVISION PUBLIC REPORT

1. The following conditions must be satisfied by Seller and information related thereto must be incorporated into the applicable documents before the California Department of Real Estate ("DRE") will issue the Final Public Report:
 1. Evidence that the Condominium Plan for this project and/or any amendments thereto have been recorded in Official Records of San Diego County;
 2. Evidence that the Declaration of Conditions, Covenants and Restrictions ("**Declaration**") for this project has been recorded in Official Records of San Diego County;
 3. The Articles of Incorporation have been filed with the State;
 4. Evidence a current preliminary title report has been issued and provided to DRE after recordation of the items shown above;
 5. Evidence that the Association Property Deed and accompanying Irrevocable Escrow Instructions to the Escrow Holder have been reviewed and accepted by DRE and Deposited in Escrow;
 6. Evidence that the Budget has been reviewed by DRE; and,
 7. Evidence of the Subdivider's financial guarantee to insure its payment of assessments per Regulation 2792.9 and such financial security has been delivered to Escrow Officer.

1. No person acting as a principal or agent shall sell or lease or offer for sale or lease units, lots or parcels in a subdivision for which a Conditional Public Report has been issued except as provided in Business and Professions Code Section 11010 et seq., including, without limitation, Section 11018.12.

2. Subdivision (d) and (e) of Section 11018.12 of the Business and Professions Code provides as follows:

§11018.12(d). Notwithstanding the provisions of Section 11018.2, a person may sell or lease or offer for sale or lease, units, lots or parcels in a subdivision pursuant to a Conditional Public Report if, as a condition of the sale or lease or offer for sale or lease, delivery of legal title or other interest contracted for will not take place until issuance of a Final Public Report and provided that the requirements of subdivision (e) are met.

§11018.12(e).

- " Evidence shall be supplied that all purchase money will be deposited in compliance with subdivision (a) of Section 11013.2 or subdivision (a) of Section 11013.4, and in the case of a subdivision referred to in subdivision (a) of this section, evidence shall be given of compliance with paragraph (1) and (2) of subdivision (a) of Section 11018.5.
- " A description of the nature of the transaction shall be supplied.
- " Provision shall be made for the return of the entire sum of money paid or advanced by the purchaser if a Final Public Report has not been issued during the term of the Conditional Public Report, or as extended, or the purchaser is dissatisfied with the Final Public Report because of a change pursuant to Section 11012.

**I/WE HAVE RECEIVED, READ AND UNDERSTAND
ADDENDUM H- CONDITIONAL SUBDIVISION PUBLIC REPORT**

_____ **BUYER**

_____ **DATED**

_____ **BUYER**

_____ **DATED**

Disclosure of Ongoing Construction

The Buyer acknowledges that ongoing construction activities at the Cantera project will be happening through December of 2024. Ongoing construction activities will occur Monday through Friday 6:00 am to 3:00pm. Construction activities may occur on Saturdays between 6:00 am to 3:00 pm. Construction vehicles will be present, and noise caused by construction activities may be heard.

Buyer _____ Dated _____

Buyer _____ Dated _____

CALIFORNIA HOME BUYER'S GUIDE

TO THE TITLE & ESCROW PROCESS

Fidelity National Title®



BUILDER SERVICES





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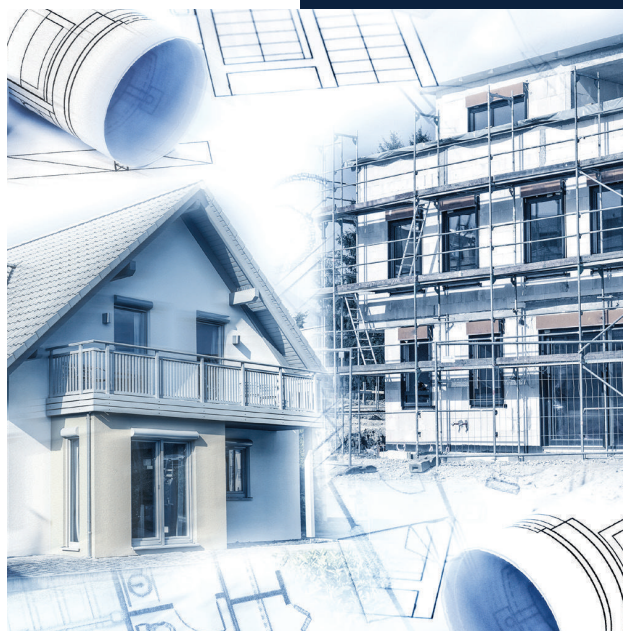
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INTRODUCTION

At Fidelity National Title Builder Services, we possess an unparalleled experience of 165 years in underwriting, making us the most reliable provider of title and escrow services for California land developers and builders. Our team is exclusively focused on new home development and purchases, and we work closely with developers to guarantee a seamless home-buying process for YOU.

Our team is committed to supporting and guiding you throughout your new home purchase. Please don't hesitate to reach out to your dedicated Builder Services team if you have any questions or concerns. Thank you for choosing us.

To give you an overview of the general process involved during the purchase of a new home and explain the various roles we will play in helping to close your transaction, we've prepared this booklet.



IMPORTANT TERMS

A

AMORTIZATION Reduction of the principal of a debt in regular, periodic installments.

APPRAISAL An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

ANNUAL PERCENTAGE RATE (APR) An interest rate reflecting the cost of a mortgagee yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage because it considers points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan.

ASSUMPTION OF MORTGAGE An obligation undertaken by a new purchaser of land to be liable for payment of an existing note secured by mortgage.

B

BENEFICIARY The recipient of benefits, often from a deed of trust; usually the lender.

C

CERTIFICATE OF REASONABLE VALUE (CRV) A document issued by the Department of Veterans Affairs (VA) that establishes the maximum value and loan amount for a VA mortgage.

COMMUNITY FACILITY DISTRICT (CFD) A type of special tax district formed when property owners within a geographic area agree to impose a tax on property in order to fund infrastructure improvements or services.

CLOSING DISCLOSURE (CD) Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three business days prior to closing.

CLOSING (AKA "SETTLEMENT") The completion of a real estate transfer, where the title passes from seller to buyer, or a mortgage lien is given to secure debt.

COMPARABLE SALES Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly referred to as "comps."

CONDITIONS, COVENANTS, & RESTRICTIONS (CC&R's) A document that controls the use, requirements, and restrictions of a property.

CONDOMINIUM A statutory form of real estate development of separately owned units and jointly owned common elements in a multi-unit project.

CONSUMMATION Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable state law. Consummation is not the same as close of escrow or settlement.

D

DEED OF TRUST Written instrument that conveys title in place of a mortgage.

DEED RESTRICTIONS Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

DISBURSEMENT DATE The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

E

EARNEST MONEY DEPOSIT A deposit of funds made by a buyer of real estate as evidence of good faith.

EASEMENT A non-possessory right to use all or part of the land owned by another for a specified purpose.

ENDORSEMENT As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

EQUITY The difference between the fair market value and current indebtedness also referred to as the owner's interest. The value an owner has in real estate over and above the obligation against the property.

F

FEDERAL HOUSING ADMINISTRATION LOAN (FHA LOAN) A loan insured by the Federal Housing Administration, open to all qualified home purchasers.

FEDERAL MORTGAGE ASSOCIATION (AKA FANNIE MAE) A U.S. government-sponsored corporation dealing in the purchase of first mortgaged for the secondary market.

Continued...

IMPORTANT TERMS

G

GRANT DEED The absolute ownership of a parcel of land. The highest degree of ownership that a person can have in real estate, which gives the owner unqualified ownership and full power of disposition.

H

HAZARD INSURANCE Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending on the policy. Buyer often adds liability insurance and extended coverage for personal property.

I

IMPOUNDS A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums, and/or future insurance policy premiums, required to protect their security.

J

JOIN TENANCY An equal undivided ownership of property by two or more persons. Upon death by the owner, the survivors take the decedent's interest in the property.

L

LEGAL DESCRIPTION A description of land recognized by the law, based on government surveys, thoroughly identifying the exact boundaries of the entire parcel of land.

LIEN A claim upon a piece of property for the payment or satisfaction of a debt or obligation. For example, judgements, taxes, mortgages, and deeds of trust.

LOAN ESTIMATE (LE) Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs, and risks of the mortgage loan for which they are applying. Initial disclosure is to be given to the borrower three business days after application.

LOAN TO VALUE RATIO The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

M

MELLO-ROOS California special tax district that sells bonds and levies taxes to fund new or additional community facilities and services within specific boundaries.

MORTGAGE A conditioned pledge of property to a creditor as security for the payment of debt.

N

NEGATIVE AMORTIZATION Occurs when your monthly payments are not large enough to pay the interest due on the loan. This unpaid interest is added to the unpaid balance on the loan. The danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.

P

PERSONAL PROPERTY Any property which is not real property. For example, money, savings accounts, appliances, cars, boats, jewelry, etc.

PERSONAL, INTEREST, TAXES, & INSURANCE (PITI) A payment that included principal, interest, taxes, and insurance.

POWER OF ATTORNEY A written instrument whereby a principal gives the authority to an agent.

PRIVATE MORTGAGE INSURANCE (PMI) In the event that a buyer does not have a 20% down payment, lenders will allow a smaller down payment – as low as 3% in some cases. With the smaller down payment loans, however, borrowers are usually required to carry private mortgage insurance. Private mortgage insurance will usually require an initial premium payment and may require an additional monthly fee, depending on the loan's structure.

PLANNED UNIT DEVELOPMENT (PUD) A community of single-family homes, and sometimes townhomes or condominiums. Everyone who lives in a PUD home is part of a homeowner's association (HOA) which is run by a board of directors usually made up of individuals from the community.

R

RECORDING Filing documents affecting real property with the appropriate government agency as a matter of public record.

Continued...

IMPORTANT TERMS

S

SECURED TAXES Taxes that are secured on the real property itself.

SETTLEMENT STATEMENT Provides a complete breakdown of costs involved in a real estate transaction.

SUBDIVISION A tract of land surveyed and divided into lots for purposes of sale.

T

TENANCY IN COMMON An undivided ownership in real estate by two or more persons, without right or survivorship, interests need not be equal.

TRID Stands for TILA-RESPA Integrated Disclosures, which is a federal consumer-protection law that requires lenders to disclose certain types of key information to borrowers.

TRUST ACCOUNT An account separate and physically segregated from the broker's own in which the broker is required by law to deposit all funds collected for clients.

TRUSTEE The neutral third party in the deed of trust with limited powers. When the loan is paid in full, the property is reconveyed by the trustee back to the person(s) legally entitled to the land, or if delinquent, the property will be conveyed pursuant to nonjudicial foreclosure proceedings, to the highest bidder in a public sale.

TRUSTOR The borrower, owner, and guarantor of the property conveyed in a deed of trust.

TRANSFER TAX A one-time tax or fee imposed by a state or local jurisdiction upon the transfer of real property.

U

UNSECURED TAXES Taxes that are levied against anything other than real property.

V

VETERANS ADMINISTRATION LOAN (VA LOAN) Housing loans to veterans by banks, savings and loans, or other lenders that are guaranteed by the Veterans Administration, enabling veterans to buy a residence with little or no down payment.

W

WARRANTY DEED Protects the buyer and ensures that the seller holds a free and clear title to a property without any outstanding liens or mortgages. A warranty deed is a legal real estate document and protects the buyer against future claims to the title of the property.



KEY PLAYERS INVOLVED



REAL ESTATE AGENT

A licensed professional who represents buyers or sellers.



LENDER

An organization or person that lends money.



TITLE OFFICER

The professional who searches and examines records to determine ownership and interests in real property. They'll collaborate with you to remove any title exceptions that you do not wish to accept and furnish you with the title insurance policy pertaining to the real property.



ESCROW OFFICER

The professional who leads the facilitation of your escrow, including escrow instructions preparation, document preparation, funds disbursement, and more.



BUILDER / DEVELOPER

The company that is constructing your new home.



NOTARY

The professional who is authorized by the state or federal government to administer oaths and attest to the authenticity of signatures.

UNDERSTANDING TITLE INSURANCE – FAQ'S



WHAT IS TITLE INSURANCE?

Title insurance is a contractual obligation that protects against losses that occur when the title to a property is not free and clear of defects (i.e. liens, encumbrances and defects that were unknown when the title policy was issued). Title insurance also guarantees loan priority. The terms of the policy define what risks are covered and what risks are excluded from coverage. The title insurer will reimburse you or your lender for losses that are covered, up to the face amount of the policy, and any related legal expenses. This protection is effective as of the issue date of the policy and covers defects arising prior to your ownership.



WHY DO YOU NEED A TITLE INSURANCE POLICY?

If title insurance companies work to eliminate risks and prevent losses caused by defects in the title before the closing, why do you need a title insurance policy? The title to the property could be seriously threatened or lost completely by hazards which are considered hidden risks—“those matters, rights or claims that are not shown by the public records and, therefore, are not discoverable by a search and examination of the those public records.”

Matters such as forgery, incompetency or incapacity of the parties, fraudulent impersonation, and unknown errors in the records are examples of “hidden risks” that could provide a basis for a claim after the property has been purchased.

Title insurance isn't just for a homeowner. Subdividers need it when planning a new tract of homes or a commercial strip center. Attorneys use it for clients who are investing in shopping centers, hotels, office buildings, and countless other projects. Builders need it in order to obtain construction loans from their lender.



WHY DOES A LENDER NEED A POLICY ON MY PROPERTY?

For the lender, a title policy is a guarantee that it has a valid and enforceable lien (loan or deed of trust) secured by the property, that no one else other than those listed on the policy has a prior claim (or loan, etc.), and that the party to whom they are making the loan does own the property being used as security for the loan. This protection remains in effect as long as the loan remains unpaid. The existence of a lender's title policy encourages lenders such as banks, savings and loan associations, commercial banks, life insurance companies, etc., to loan money. The title company insures that the title to the property is marketable in the event of foreclosure and the guarantee is backed by the integrity and solvency of the title company.



WHAT IS A TITLE SEARCH?

Before issuing a policy of title insurance, the title company must review the numerous public records concerning the property being sold or financed. The purpose of this title search is to identify and clear all problems before the new owner takes title or the lender loans money. Our research helps us to determine if there are any rights or claims that may have an impact upon the title such as unpaid taxes, unsatisfied mortgages, judgments, tax liens against the current or past owners, easements, restrictions, and court actions. These recorded defects, liens, and encumbrances are reported in a “preliminary report” to applicable parties. Once reported, these matters can be accepted, resolved, or extinguished prior to the closing of the transaction. In addition, you are protected against any recorded defects, liens or encumbrances upon the title that are unreported to you and which are within the coverage of the particular policy issued in the transaction.



Continued...

UNDERSTANDING TITLE INSURANCE – FAQ'S



WHAT TYPES OF TITLE INSURANCE POLICIES ARE THERE?

Protection against flaws and other claims is provided by the title insurance policy which is issued after your transaction is complete. Two types of policies are routinely issued at this time: An "owner's policy" which covers the home buyer for the full amount paid for the property and a "lender's policy" which covers the lending institution over the life of the loan. When purchased at the same time, a substantial discount is given in the combined cost of the two policies. Unlike other forms of insurance, the title insurance policy requires only one moderate premium for a policy to protect you or your heirs for as long as you own the property. There are no renewal premiums or expiration dates.



HOW IS TITLE INSURANCE DIFFERENT THAN OTHER TYPES OF INSURANCE?

With other types of casualty insurance such as auto, home, health, and life, a person thinks of insurance in terms of future loss due to the occurrence of some future event.

Title insurance is a unique form of insurance that provides coverage for future claims or losses due to title defects that are created by some past event.

With title insurance, the original premium is the only cost if the owner or heirs own the property. There are no annual payments to keep the Owner's Title Insurance Policy in force.



HOW DOES A TITLE INSURANCE POLICY PROTECT AGAINST CLAIMS?

If a claim is made against the owner or lender, the title insurance company protects the insured by:

1. Defending the title, in court, if necessary, at no cost to the owner/lender, and
2. Bearing the cost of settling the case, if it proves valid, to protect your title and maintain possession of the property.

Each policy is a contract of "indemnity." It agrees to assume the responsibility for the legal defense of the title for any defect covered under the policy's terms and to reimburse for actual financial losses up to the policy limits.



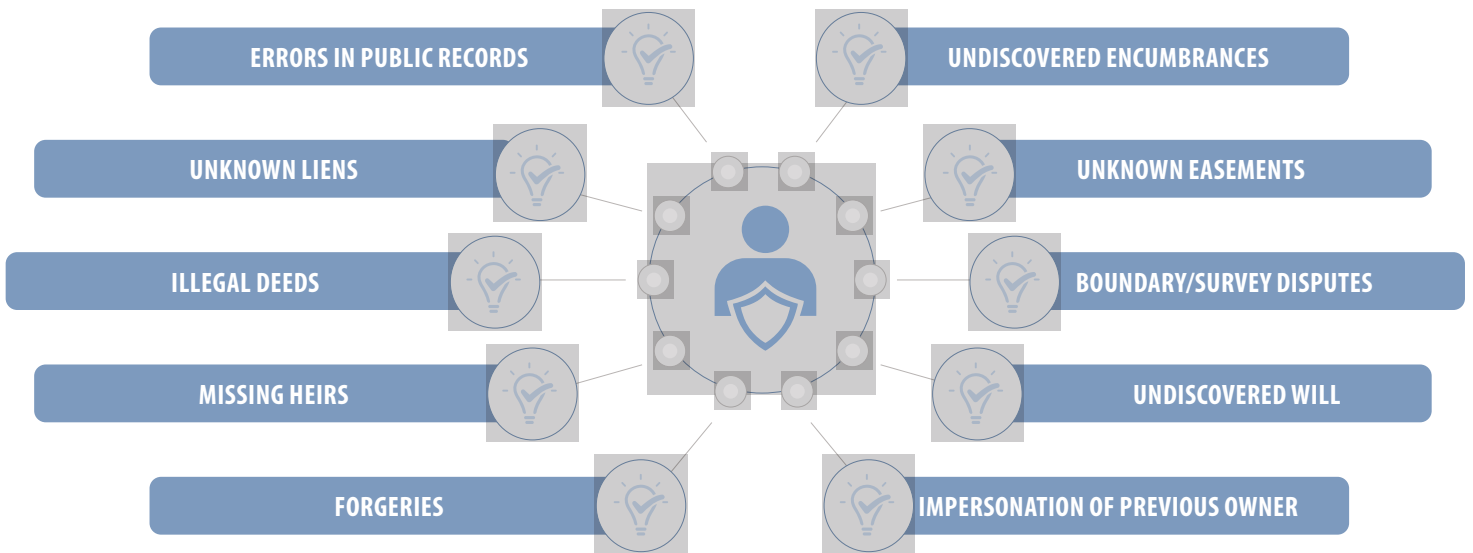
THE IMPORTANCE OF TITLE PROTECTION



Title issues can pose a significant risk to both your real property and mortgage investment.

Despite conducting a thorough search of public records, certain hidden risks may not be revealed immediately. This means that you may only become aware of these issues years later. To safeguard your ownership of your home, it is important to obtain title insurance from a reputable and financially secure company.

SOME POTENTIAL ISSUES THAT COULD OCCUR IN TITLE INCLUDE:



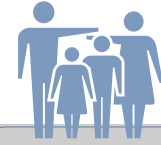
We hope you never have a title claim, but in the instance that you do, you are in great hands with our team.

TYPES OF TITLE INSURANCE POLICIES

CLTA POLICY

1. Someone else owns an interest in your title to the property
2. A document is not properly signed
3. Forgery and fraud
4. Defective recording of any document
5. Restrictive covenants
6. There is a lien on your title because there is:
 - a. a deed of trust
 - b. judgment, tax or special assessment
 - c. a charge by the HOA (homeowner's association)
7. Title is unmarketable
8. Lack of right of access to and from the land

9. Mechanics' lien protection
10. Forced removal of structure because it:
 - a. extends onto other land or onto an easement
 - b. violates a restriction in Schedule B of policy
 - c. violates an existing zoning law
11. Cannot use land for SFD (single-family dwelling) due to zoning or restrictions
12. Unrecorded lien by the HOA
13. Unrecorded easements
14. Others have rights arising out of leases, contracts or options
15. Pays rent for substitute residence
16. Inflation Protection
17. Building permit violations – forced removal*
18. Subdivision Map Act violations*
19. Zoning violations–forced encroachment*
20. Boundary wall or fence encroachment*
21. Restrictive covenant violations
22. Post-policy defect in title
23. Post-policy contract or lease rights
24. Post-policy forgery
25. Post-policy easement
26. Post-policy limitation on use of land
27. Post-policy damage from minerals or water extraction
28. Post-policy living trust coverage
29. Post-policy encroachment by neighbour other than wall or fence
30. Enhanced access–vehicular and pedestrian
31. Damage to structure from use of easement
32. Post-policy automatic increase of 10% annually up to 150%
33. Post-policy correction of existing violation of covenant
34. Post-policy limitation of use
35. Post-policy prescriptive easement
36. Street address is correct
37. Map not consistent with legal description
38. Coverage for spouse acquiring through divorce
39. Violations of building setbacks
40. Discriminatory covenants
41. Insurance coverage forever



Coverage is for 1- 4 family residences

This chart is intended for comparison purposes only and is not a full explanation of policy coverage. Policy coverages are subject to the terms, exclusions, exceptions and deductible shown in the policy.

ALTA POLICY

* Subject to deductible and maximum liability, which is less than the policy amount.

THE PRELIMINARY REPORT



The Preliminary Report is an offer to issue a policy of title insurance covering a particular estate or interest in land subject to stated exceptions.

Since these exceptions may point to potential problems with an intended purchase, it is important for all parties to review the report once it is received.



A Preliminary Report provides a list of the matters that will be shown as exceptions to coverage in a designated policy or policies of title insurance, if issued concurrently, covering a particular state or interest in land. It is designated to provide a preliminary response to an application for title insurance and is intended to facilitate the issuance of the designated policy or policies. It is normally prepared after application (order) for such policy(ies) of title insurance on behalf of the principals to a real property transaction.

The Preliminary Report states on its face that it is made solely to facilitate the subsequent issuance of a title insurance policy and that the insurer assumes no liability for errors in the report. Accordingly, any claim arising from a defect in title must be made under the title policy and not the Preliminary Report.

If a title policy is not contemplated, a Preliminary Report should not be ordered. Instead, consideration should be given to requesting a Condition of Title Report or other similar title product.

After a title order has been placed, matters relative to the title policy coverage on the subject property are assembled in a title search package and examined by skilled technicians. This is when the Preliminary Report is prepared and sent to the customer. The report contains relevant information so that the parties to the transaction will become aware of matters which will not be insured against by the title company. This report is issued before the title policy, hence the name Preliminary Report.

STATEMENT OF INFORMATION



WHAT IS A STATEMENT OF INFORMATION?

A Statement of Information is a form routinely requested from the buyer, seller, and borrower in a transaction where title insurance is sought. The completed form provides the title company with information needed to adequately examine documents so as to disregard matters that do not affect the property to be insured, matters which actually apply to some other person.

WHAT DOES IT DO?

Every day documents affecting real property – liens, court decrees, bankruptcies – are recorded. Whenever a title company uncovers a recorded document in which the name is the same or similar to that of the buyer, seller or borrower in a title transaction, the title company must ask, “Does this document affect the parties we are insuring?” Because if it does, it affects title to the property and would, therefore, be listed as an exception from coverage under the title policy.

A properly completed Statement of Information will allow the title company to differentiate between parties with the same or similar names when searching documents recorded by name. This protects all parties involved and allows the title company to carry out its duties without unnecessary delay.



VESTING - COMMON WAYS OF HOLDING TITLE

in California

Fidelity National Title Builder Services has provided these comparisons for informational purposes only. These charts are not to be used to determine how you should acquire ownership in the property. It is strongly recommended that you seek professional help from an attorney and/or your tax advisor to determine the legal and tax consequences how your title should be vested.

	Community Property	Joint Tenancy	Tenancy in Common	Partnership Holding Title	Title Holding Trust	Community Property Right of Survivorship	Registered Domestic Partners
Parties	Married spouses or domestic partners	Any number of persons (can be married spouses or registered domestic partners)	Any number of persons (can be married spouses or registered domestic partners)	Only partners (any number)	Individuals, groups of persons, partnerships or corporations, a living trust	Married spouses or domestic partners	Only partners that are registered with the California Secretary of State's Domestic Partners Registry
Division	Owners and managerial interests are equal (except control of business is solely with managing spouse)	Ownership interest must be equal	Ownership can be divided into any number of interests equal or unequal	Ownership interest is in relation to interest in partnership	Ownership is a personal property interest and can be divided into any number of interests	Ownership and managerial interests are equal	Ownership and managerial interests are equal (except control of business is solely with managing domestic partner)
Title	Title is in the "community". Each interest is separate but management is unified	Sale or encumbrance by joint tenant severs joint tenancy	Each co-owner has a separate legal title to his/her undivided interest	Title is in the "partnership"	Legal title is held by the trustee; beneficiary has equitable title	Title is in the "community," management is unified	Title is in the "community." Each interest is separate but management is unified
Possession	Both co-owners have equal management and control	Equal right of possession	Equal right of possession	Equal right of possession, but only for partnership purposes	Right of possession as specified in the trust provisions	Both co-owners have equal management and control	Both co-owners have equal management and control
Conveyance	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse, and separate interest cannot be conveyed except upon death	Conveyance by one co-owner without the others breaks the joint tenancy	Each co-owner's interest may be conveyed separately by its owner	Any authorized partner may convey part or entire interest in partnership property for partnership purposes. Purchaser acquires interest that partnership owned	Designated parties within the trust agreement authorize the trustee to convey property. Also, a beneficiary's interest in the trust may be transferred	Right of survivorship may be terminated pursuant to the same procedures by which a joint tenancy may be severed	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other partner; real property requires written consent of other partner, and separate interest cannot be conveyed except upon death
Purchaser's Status	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser will become a tenant in common with the other co-owners in the property as to the purchaser's interest. Other owner's may remain joint tenants	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser can acquire part of entire interest in partnership property. If in part, the purchaser will become a tenant in common with the partnership	A purchaser may obtain a beneficiaries interest by assignment or may obtain legal and equitable title from the trust	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser can only acquire whole title of community; cannot acquire a part of it

Continued...

VESTING - COMMON WAYS OF HOLDING TITLE

in California

Fidelity National Title Builder Services has provided these comparisons for informational purposes only. These charts are not to be used to determine how you should acquire ownership in the property. It is strongly recommended that you seek professional help from an attorney and/or your tax advisor to determine the legal and tax consequences how your title should be vested.

	Community Property	Joint Tenancy	Tenancy in Common	Partnership Holding Title	Title Holding Trust	Community Property Right of Survivorship	Registered Domestic Partners
Death	On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to descendant's devisee or by succession to survivor	On co-owner's death, his/her interest ends and cannot be disposed of by will. Survivor owns the property by survivorship	On co-owner's death, his/her interest passes by will to devisee or heirs. No survivorship rights	On partner's death, his/her partnership interest passes to the surviving partner pending liquidation of the partnership. Share of deceased partner then goes to his/her estate	Successor beneficiaries may be named in the trust agreement, eliminating the need for probate	Upon death of spouse, his/her interest passes to the surviving spouse, without administration, subject to the same procedures as property held in joint tenancy	On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to descendant's devisee or by succession to survivor
Successor's Status	If passing by will, tenancy in common between devisee and survivor results	Last survivor owns property	Devisee or heirs become tenants in common	Heirs or devisees have rights in partnership interest but not specific property	Defined by the trust agreement, generally the successor becomes the beneficiary and the trust continues	Surviving spouse owns property	If passing by will, tenancy in common between devisee and survivor results
Creditor's Rights	Property of the community is liable for debts of either spouse, which are made before or after marriage. Whole property may be sold on execution sale to satisfy creditor	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Joint tenancy is broken, creditor becomes a tenant in common	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Creditor becomes a tenant in common	Partner's interest may be sold separately by "Charging Order" by his/her personal creditor, or his/her share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor	Creditor may seek an order for execution sale of the beneficial interest or may seek an order that the trust estate be liquidated and the proceeds distributed	Property of community is liable for debts of either which are made before or after marriage; whole property may be sold on execution sale to satisfy creditor	Property of community is liable for debts of either partner, which are made before or after registration as domestic partners. Whole property may be sold on execution sale to satisfy creditor
Presumption	Strong presumption that property acquired by married spouses is community	Must be expressly stated	Favored by doubtful cases except married spouses	Arise only by virtue or partnership status in property placed in partnership	A trust is expressly created by an executed trust agreement	Must be expressly stated	Must be expressly stated

UNDERSTANDING ESCROW – FAQ’S



WHAT IS AN ESCROW?

Buyers and sellers of a piece of property establish terms and conditions for the transfer of ownership of the property. These terms and conditions are given to a third party known as the escrow holder.

In turn, the escrow holder has the responsibility of seeing that terms of the escrow are carried out. The escrow is an independent neutral account and the vehicle by which the mutual instructions of all parties to the transaction are complied with.



WHY IS ESCROW NEEDED?

Whether you are the buyer or the seller, you want assurance that no funds or property will change hands until all instructions have been followed. With the increasing complexity of business, law, and tax structures, it takes a trained professional to supervise the transaction.



HOW LONG IS AN ESCROW?

The length of an escrow is determined by the terms of the purchase agreement joint escrow instructions and can range from a few days to several months.



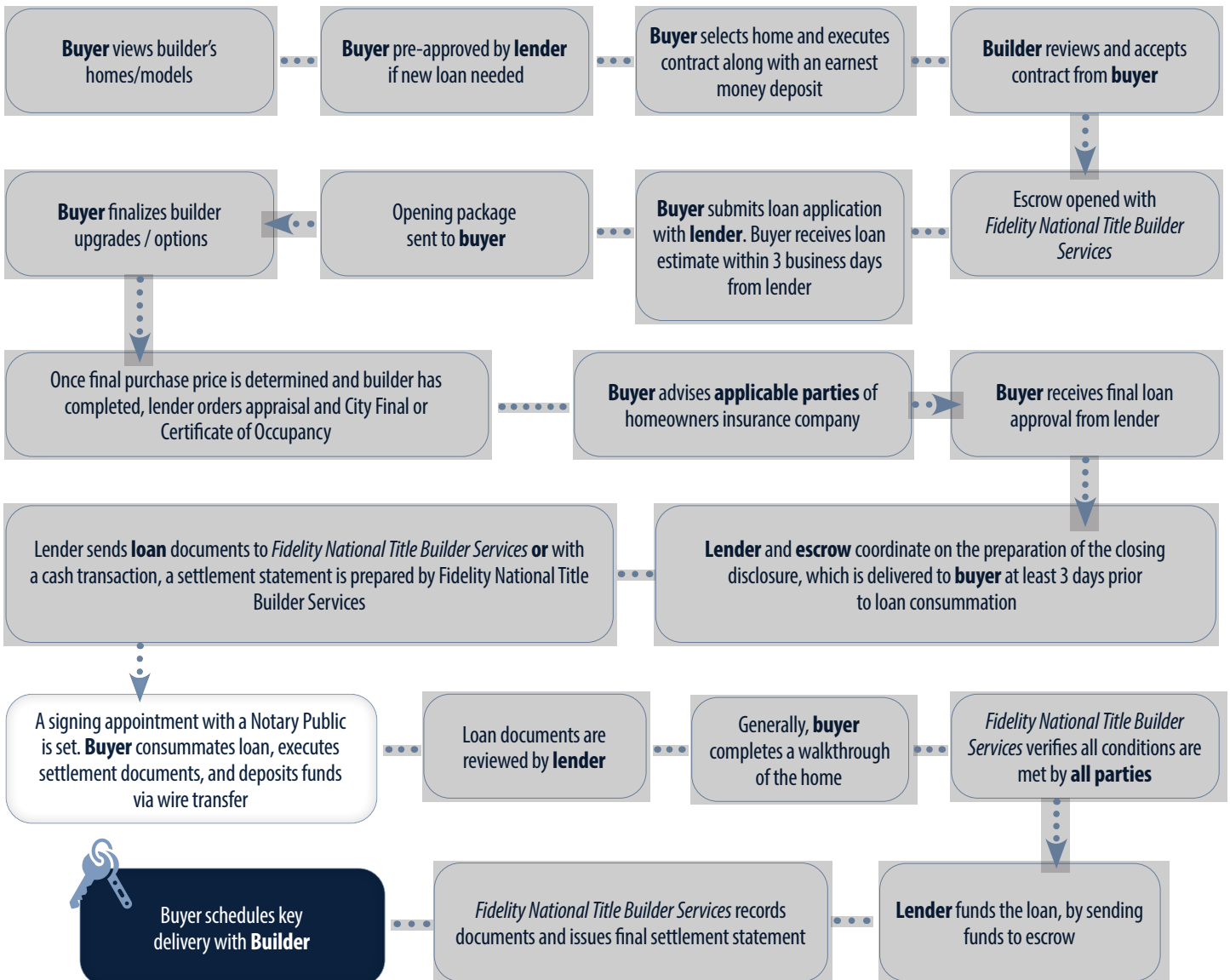
HOW DOES THE ESCROW PROCESS WORK?

The escrow is a depository for all monies, instructions and documents necessary for the purchase of your home, including your funds for down payment and your lender’s funds and documents for the new loan. Generally, the buyer deposits a down payment with the escrow holder and the seller deposits the deed and any other necessary documents with the escrow holder. Prior to the close of escrow the buyer deposits the balance of the funds required and agreed upon by the parties with the escrow holder. The buyer instructs the escrow holder to deliver the monies to the seller when the escrow holder:

- Forwards the deed to the title company for recording
- Is notified by the title company that a policy of title insurance can be issued showing title to the property is vested in the name of the buyer

The escrow holder thus acts for both parties and protects the interests of each within the authority of the escrow instructions. Escrow cannot be completed until the terms and conditions of the instructions have been satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender’s requirements.

THE LIFE OF AN ESCROW



THE LOAN PROCESS

STEP
1

APPLICATION

Your loan process should go smoothly if you complete your loan application properly and provide all necessary documentation to your loan consultant at the time of application.

STEP
2

ORDERING DOCUMENTATION

Your loan consultant will order the necessary documentation for the loan as soon as it is received. Any verifications will be mailed, and the credit report and appraisal will be ordered. You will also receive a Good Faith Estimate of your costs and details of your loan.

STEP
3

AWAITING DOCUMENTATION

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

STEP
4

LOAN SUBMISSION

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

STEP
5

LOAN APPROVAL

Loan approval may be obtained in stages. Usually within one to three days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

STEP
6

LENDER PREPARATION OF DOCUMENTS

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for tax installment payments, depending on the type of loan.

STEP
7

FUNDING

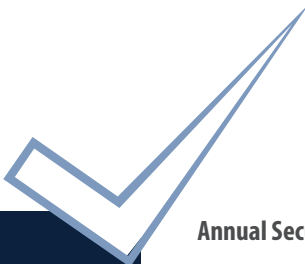
Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will "fund" your loan. ("Fund" means that the lender will give the title company the money by check or wire.)

STEP
8

RECORDATION

When the loan has been funded, the title company will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed being recorded, title or escrow will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.

PROPERTY TAXES



Annual Secured Property Tax Bills are prepared and mailed by the Treasurer and Tax Collector in **October of each year.**

The first installment of your tax bill is due on November 1 and becomes delinquent by the close of business on **December 10.**

The second installment of your tax bill is due on February 1 and becomes delinquent by the close of business on **April 10.**

Each installment is subject to penalties if not received by the Treasurer and Tax Collector by the aforementioned dates, and the second installment is also subject to costs in addition to penalties if not paid timely.

Fidelity National Title





HOMEOWNER'S DOCUMENTS ON A FLASHDRIVE

This is a guide to what documents you might need to provide to your homebuyers. For any documents that are not applicable, please omit them. If additional documents are needed, please include them in the space below.

PROJECT NAME:	
TRACT NO.:	
DEVELOPER:	

DOCUMENT:	RESPONSIBILITIES:
Community Artwork	Developer
Master Declaration of Conditions, Covenants & Restrictions	Title Company
Master Bylaws (Executed)	Developer/DRE
Master Filed Articles of Incorporation	Developer/DRE
Amendments/Supplementals to Master Declaration	Title Company
Sub-Association Declaration of Conditions, Covenants & Restrictions	Title Company
Sub-Association Bylaws (Executed)	Developer/DRE
Sub-Association Filed Articles of Incorporation	Developer/DRE
Amendments/Supplementals to Sub-Association Declaration	Title Company
Dispute Resolution/ SB800	Title Company
Architectural Guidelines	Developer (Unrecorded)
Rules & Regulations	Developer (Unrecorded)
Final Public Report	Not generally placed on Flashdrive/given to individual Buyer in hard copy format
Subsidy Agreement	Developer (if Applicable)
Disclosures	Developer/ Title to provide if Disclosure is recorded document
Natural Hazard and Tax Disclosures	Not on Flashdrive/provided by Sales Team to Buyer at time the contract is signed

ADDITIONAL DOCUMENTS NEEDED:

DATE REQUESTED:	
DATE NEEDED TO SALES:	
DELIVERY LOCATION:	

Builder / Developer Tax Disclosure Report

Order Number: 240411-00021
Parent APN: 499-010-02 and 499-010-03
Community: Cantera
Homesite #: 17 Tract #: 16-01

This Report Prepared Especially For: **NTC Development**
Subject Property: **8246 High Street | La Mesa, CA 91941**

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NOTE

THE LIABILITY PROVISIONS OF THIS REPORT DO NOT APPLY UNTIL FULL PAYMENT IS RECEIVED

In preparing this report, Disclosure Source has relied upon the statutes identified and has reviewed the records referred to in each determination. These are available to the public as Government Records to make the determinations if and to what extent each special tax and assessment statute applies to the subject property. Receipt or use of this report by recipient or any other third party constitutes acceptance of the terms and conditions detailed at the end of this document. Please read these terms and conditions carefully. This report is not a warranty or a policy of insurance. This report is prepared by Disclosure Source to comply with certain California laws relating to the disclosure of a continuing lien securing the levy of special taxes pursuant to the Mello-Roos Community Facilities Act (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code) or to a fixed lien assessment collected in installments to secure bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) in connection with the sale of real property in California.

SUMMARY AND SIGNATURE PAGE

Community Name: Cantera
Subject Property: 8246 High Street | La Mesa, CA 91941
Tract 16-01, Lot 17

The seller and his or her agent(s) disclose the following information with the knowledge, even though this is not a warranty, that prospective buyers may rely on this information in deciding whether, and on what terms, to purchase the subject property. The seller presents, and hereby authorizes any agent(s) representing any principal(s) in this action to present, a copy of this statement to any person or entity in connection with any actual or anticipated sale of the subject property.

The following representations are made by the seller and his or her agent(s) pursuant to Calif. Civil Code §1102.6b based on information provided by a third party data provider who obtains its data from state and local government sources. Neither the seller nor the seller's agent(s) have verified the information in this report, or are personally aware of any errors or inaccuracies contained in this report. This information is for disclosure purposes only and is not intended to constitute part of or amend any contract between the buyer and the seller.

THE ABOVE REFERENCED PROPERTY LIES WITHIN THE FOLLOWING SPECIAL TAX AND/OR ASSESSMENT DISTRICTS:

- ONE OR MORE MELLO-ROOS COMMUNITY FACILITIES DISTRICTS [See Determination Page]
Yes No
- ONE OR MORE 1915 BOND ACT SPECIAL ASSESSMENT DISTRICTS [See Determination Page]
Yes No

If either of the boxes are checked yes, you must also sign the official notice form or forms included in the report.

The seller represents that he or she has read and understands the information contained in this report.

▶ Signature of Seller _____ Date ___/___/___

▶ Signature of Seller _____ Date ___/___/___

The buyer represents that he or she has read and understands the information contained in this report.

▶ Signature of Buyer _____ Date ___/___/___

▶ Signature of Buyer _____ Date ___/___/___

This report is subject to specific terms, conditions and limitations of liability found at the end of this report. Please read them. Each determination is also subject to certain "Disclaimers" as noted on the determination page. The seller and buyer should each contact and/or retain a qualified real estate agent or broker to advise them on real estate transactions. If you desire legal or tax advice, you should consult an appropriate professional.

PROPERTY TAX BREAKDOWN

► Property Description

County:	SAN DIEGO
Location:	8246 High Street La Mesa, CA 91941
Parent APN:	499-010-02 and 499-010-03

► Taxation Information

Parcel Number:	To Be Determined
Tax Rate Area:	005011
Roll Year:	JUL 1, 2023 - JUN 30, 2024

This report is an estimate of the original secured property tax bill charges for the above-mentioned property. All amounts are estimates. This report was compiled using information obtained from the County on a given date and may not reflect changes made by the County or the underlying public agencies levying charges against this property. It is for informational purposes only and cannot be relied upon for the actual amount of property taxes levied or paid on this property. While this report contains data gathered from reliable sources, no claims are made to its accuracy and it is not backed by Disclosure Source's Errors and Omissions Insurance.

Ad Valorem

1. County of San Diego Basic 1% Levy	1.0000% of Net Assessed Value
2. County of San Diego Voter Approved Debt	0.1780% of Net Assessed Value for 2023-2024

Direct Assessments

3. County of San Diego Mosquito Surveillance Zone B	\$2.28 per Residential Dwelling Unit for 2023-2024
4. County of San Diego Vector Disease Control	\$9.10 per Residential Dwelling Unit for 2023-2024
5. City of La Mesa Sewer Service Charge	\$248.76 + (Water Consumption Units x \$4.25) per Residential Dwelling Unit for 2023-2024
6. Metropolitan Water District of Southern California Standby Charge	\$11.50 per Residential Dwelling Unit for 2023-2024
7. San Diego County Water Authority Water Availability Standby Charge	\$10.00 per Residential Dwelling Unit for 2023-2024

<u>Property Tax Calculator</u>	
Home Sales Price	\$ _____
X Ad Valorem Percentage	_____ 1.1780 %
= Ad Valorem Taxes	_____
+ Direct Assessments	_____ \$ 632.88
= Estimated Total Taxes	\$ _____

PROPERTY TAX CHARGE DESCRIPTIONS

1% TAX ON NET VALUE

1.0000% of Net Assessed Value

Basic 1% Levy

General

County of San Diego

(877) 829-4732

The Basic 1% Levy is the primary property tax charge levied by the County on behalf of government agencies. As a result of the passage of Proposition 13 in 1978 (Article XIII A of the California State Constitution), the basic levy is limited to 1% of the property's net assessed value. Proceeds from this tax are divided by the County and used to help fund nearly every function the state, county, city and other local municipal agencies provide. All other charges that appear on the tax bill vary by district and county.

VOTER APPROVED

0.1780% of Net Assessed Value for 2023-2024

Voter Approved Debt

General

County of San Diego

(877) 829-4732

An Ad Valorem Tax is a tax levied on a parcel that is calculated based on the assessed value of the parcel. Ad valorem taxes may include those taxes that were approved by voters before that passage of Proposition 13 in 1978, General Obligation Bonds or Special Taxes that are based on assessed value as opposed to some other method. Taxes that were established before 1978 may be used for various services and improvements and may or may not be associated with public indebtedness (the issuance of municipal bonds). A General Obligation Bond is a municipal bond that may be issued by a city, county or school district in order to finance the acquisition and construction of public capital facilities and real property. Equipment purchases and the cost of operation and maintenance cannot be financed with a General Obligation Bond. Special Taxes are created pursuant to various California Code Sections and require 2/3 majority approval of the qualified voters for approval. A special tax is may be formed by a local government (a city, county, special district, etc...) in order to finance specific facilities and/or services and cannot be used for general purposes.

CO MOSQUITO/RAT CTRL

\$2.28 per Residential Dwelling Unit for 2023-2024

Mosquito Surveillance Zone B

Vector Control

County of San Diego

(877) 829-4732

This yearly charge, known as a BENEFIT ASSESSMENT, was enacted in 1989 under the Health and Safety Code Section 2200 et seq. It is used to cover all expenses related to rat, mosquito and fly control in the County. The assessment rate is determined by what district the property is in. The levy amount for coastal areas is \$3, while Inland and Mountain communities pay \$2.28 per parcel. It is proposed that the assessment be levied for every year for as long as the vectors remain in existence.

VECTOR DISEASE CONTROL

\$9.10 per Residential Dwelling Unit for 2023-2024

Vector Disease Control

Vector Disease Control

County of San Diego

(877) 829-4732

A Vector Control District is a special assessment district created pursuant to the Health and Safety Code Section 2270 et seq., in order to collect costs of a local government (a city, county, special district, etc...) related to vector control. One-time abatements include a notice to the property owner prior to abatement followed by a public hearing. Upon abatement, if the amount owing remains delinquent, a recorded lien is placed on the parcel for the abatement amount, which may include a surcharge that is usually 10% of the amount or is an administrative charge based on actual administrative costs. Ongoing abatements are established upon majority approval of the property owners during an assessment balloting procedure.

SEWER SERVICE CHARGE

\$248.76 + (Water Consumption Units x \$4.25) per Residential Dwelling Unit for 2023-2024

Sewer Service Charge

Sewer Service

City of La Mesa

(619) 463-6611

A Sewer Assessment is a special assessment created pursuant to the Health and Safety Code Section 5470 et seq. upon majority approval of the property owners during an assessment balloting procedure. A Sewer Assessment may be created by a local government (a city, county, special district, etc...) in order to finance sewer facilities and services. A Sewer Assessment must provide special benefit to the properties within the service area in order to be levied.

PROPERTY TAX CHARGE DESCRIPTIONS

MWD WTR STANDBY CHRG **\$11.50 per Residential Dwelling Unit for 2023-2024**

Standby Charge **Water & Sewer Service**

Metropolitan Water District of Southern California (213) 217-6000

This tax, known as a Benefit Assessment, was enacted in 1992 under the Uniform Standby Charge Procedures Act and the Metropolitan Water Act. It's used to fund various projects that provide water to San Diego County. Example projects include water recycling projects, conservation programs, and capital contributions to the State Water Project. The tax amount is calculated per parcel or per acre if the property is over 1 acre. This rate depends on which of the Metropolitan Water Districts your property is in.

CWA WTR AVAILABILITY **\$10.00 per Residential Dwelling Unit for 2023-2024**

Water Availability Standby Charge **Water & Sewer Service**

San Diego County Water Authority (619) 682-4100

This tax, known as a Benefit Assessment, was enacted in 1989 under the Community Facilities Law of 1911. This assessment is used to pay for a Capital Improvements Plan which is used to cover the cost of the capacity and availability of the County Water Authority. All properties in the County are assessed at a rate of \$10 per parcel or acre, whichever is greater.

Determination of Mello-Roos Communities Facilities District

The property noted above:

IS IS NOT

Located in one or more Mello-Roos Communities Facilities District(s).

IF THE SUBJECT PROPERTY IS DETERMINED TO BE IN ONE OR MORE MELLO-ROOS COMMUNITY FACILITIES DISTRICTS, ADDITIONAL INFORMATION WILL BE PROVIDED IN THE "NOTICE OF SPECIAL TAX" ON THE FOLLOWING PAGE(S). THE SELLER MUST PROVIDE A COPY OF THE NOTICE OF SPECIAL TAX TO THE BUYER AND OBTAIN HIS OR HER SIGNATURE ON THE NOTICE TO COMPLETE THE DISCLOSURE.

The Mello-Roos Community Facilities Act (Chapter 2.5, Part 1, Division 2 of Title 5, Government Code § 53311 et seq.) allows any city, county, special district, school district, joint powers of authority, or any municipal corporation to establish a Community Facilities District ("CFD") in order to finance public facilities (with a useful life of five or more years) and/or certain public services. Eligible public facilities include roads, sewer and water improvements, flood and storm drain facilities, schools and school sites, police and fire stations, libraries, etc. Eligible public services include police protection, fire protection and suppression services, and ambulance and paramedic services, recreation program services, library services, maintenance services for elementary and secondary school sites and structures, the operation and maintenance of museums and cultural facilities, maintenance of parks, parkways, and open space, flood and storm protection, and services with respect to the removal, remediation or cleanup of any hazardous substance released or threatened to be released into the environment.

If a property is located within a CFD, it is subject to the levy of a "special tax" that is in addition to regular ad valorem property taxes and other special assessments. The special tax may be based on the benefit received by parcels of real property in the CFD, the cost of making facilities or authorized services available to each parcel in the CFD or other reasonable basis as determined by the legislative body. However, the special tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

Typically, bonds are issued to finance the intended public facilities. When a CFD is established, a maximum amount of bonded indebtedness is authorized. The bonds may be issued all at once or in phases or series. These bonds are repaid by the special tax that is levied against the properties within the CFD. Special taxes also may be levied to pay directly for public facilities and public services at issue. This is commonly referred to as a "pay as you go" program.

The maximum special tax is set forth in a document entitled the Rate and Method of Apportionment of Special Tax or RMA. The RMA is a written formula that describes how to calculate the amount of the special tax applicable to each property in the CFD. This formula typically takes into account one or more of the following: land use, square footage of the home, size of the parcel, density of development, etc. In addition, the special tax may escalate year-to-year if authorized in the RMA. The actual amount of the special tax levied can never exceed the maximum amount set forth in the RMA. However, the actual amount levied can increase year-to-year, up to the maximum, depending upon the needs of the CFD. For example, special taxes may increase if additional bonds are issued.

Disclaimer: Disclosure Source ("DS") can only provide notice of CFD's that are currently levying special taxes. Only properties that have actually had a Mello-Roos tax levied against them for the time period covered by DS's database are in the database. This means that if a Mello-Roos tax was levied in previous years, but was not levied during the year covered by DS's database, the property will not appear in DS's database even though a Mello-Roos tax from an existing CFD could be levied in the future. DS will not be responsible for errors or omissions in the data it receives from governmental authorities. Mello-Roos special taxes may not appear or may appear in error on the County's Secured Tax Roll for a variety of reasons. Under no circumstances will Disclosure Source be responsible for (a) special taxes that do not appear on County's Secured Tax Roll, or (b) errors on a County's Secured Tax Roll. The information in DS's database is updated on a yearly basis as soon as reasonably possible after the cognizant governmental authorities release it to the general public. This determination made in this report is based on the Assessor's Parcel Number provided to DS by the seller and/or seller's agent(s). The information contained in this report is intended to be brief and general in nature. DS suggests that if any party to the transaction requires additional information, they contact the CFD directly.

This report is for preliminary disclosure purposes only; it is not a substitute for a title report or title insurance. The buyer must rely upon the seller's disclosure and a title report for the final determination of whether the subject property is located within a CFD. This report is not a "Notice of Special Tax" issued by a CFD.

Determination of 1915 Bond Act Special Assessment District

The property noted above:

IS IS NOT

Located in a 1915 Improvement Bond Act Special Assessment District

IF THE SUBJECT PROPERTY IS DETERMINED TO BE IN ONE OR MORE 1915 BOND ACT SPECIAL ASSESSMENT DISTRICTS, ADDITIONAL INFORMATION WILL BE PROVIDED IN THE "NOTICE OF SPECIAL ASSESSMENT" ON THE FOLLOWING PAGE(S). THE SELLER MUST PROVIDE THE NOTICE OF SPECIAL ASSESSMENT TO THE BUYER FOR REVIEW AND OBTAIN HIS OR HER SIGNATURE ON THE NOTICE TO COMPLETE THE DISCLOSURE.

The 1915 Bond Act (Street and Highways Code § 8500 et seq.) allows any city, county, special district, joint powers of authority, or any municipal corporation to establish an Assessment District (AD) in order to finance public infrastructure such as roads, sewer, water and utilities. If a property is located within an AD, the property is subject to the levy of an "assessment" that is in addition to regular ad valorem property taxes and other special assessments. In essence, properties within an AD pay an extra tax that properties located outside of the AD do not pay. In most cases, this assessment is paying for improvements that will benefit the parcels of real property within the AD.

Bonds are issued by the establishing agency to finance the intended public infrastructure improvements. The bonds are repaid by a tax charge levied annually upon each parcel located within the AD. The assessment amount a property owner pays is based on a formula that determines the portion of the total benefit each property receives from the planned improvements. Each parcel in the AD becomes responsible for a fixed percentage of the total district debt. Once the assessment amount is determined it is amortized over the life of the bond.

Although the special assessment may be collected with and appear with other taxes on the property tax bill, an AD has the option to adopt stricter penalties, foreclosure rights and liens on properties compared to other jurisdictional taxes, in case the assessment is not paid. This means that if the tax is not paid when due each year, the property may be foreclosed upon and sold. In general, foreclosure rights are usually not initiated until 150 to 180 days after the payment is delinquent.

Disclaimer: Only 1915 Bond Act Special Assessment Districts, which have levied a tax against properties, are disclosed. Accurate assessment information on a tax roll may not be available for a variety of reasons. Under no circumstances will Disclosure Source be responsible for errors in the data provided. Information is updated on a yearly basis as soon as reasonably possible after release to the general public. This information was based on parcel data provided to Disclosure Source by the seller and/or seller's agent(s). The purpose of this determination is for preliminary disclosure only. It is not a substitute for a Title report or Title insurance. The buyer must rely upon the seller's disclosure and a title report for final determination of whether the subject property is located within a 1915 Bond Act AD. This determination is not a "Notice of Special Assessment" issued by a responsible governing agency. The above information is intended to be brief and general in nature. Disclosure Source suggests that if any party to the transaction requires further explanation on 1915 Bond Act Special Assessment Districts, they contact the appropriate agency.

NOTICE OF YOUR 'SUPPLEMENTAL' PROPERTY TAX BILL

In accordance with Section 1102.6(c) of the California Civil Code, it is the sole responsibility of the seller of any real property, or his or her agent, to deliver to the prospective purchaser a disclosure notice of the following:

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.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED A COPY OF THIS NOTICE AND UNDERSTAND THAT THIS PROPERTY WILL BE SUBJECT TO REASSESSMENT AND SUPPLEMENTAL PROPERTY TAX LEVIES

Date

Signature (s)

MANDATORY TRANSFER FEE DISCLOSURE

1. Private Transfer Fee

This is commonly known as a "Private Transfer Tax". It is a fee imposed by a private entity such as a property developer, home builder, or homeowner association, when a property within a certain type of subdivision is sold or transferred. A private transfer fee may also be imposed by an individual property owner. Private transfer fees are different from city or county Documentary Transfer Taxes. Private Transfer Fees may apply in addition to government Documentary Transfer Taxes that are due upon sale or transfer of the property.

California Civil Code Section 1098 defines a "Transfer Fee" as "any fee payment requirement imposed within a covenant, restriction, or condition contained in any deed, contract, security instrument, or other document affecting the transfer or sale of, or any interest in, real property that requires a fee be paid upon transfer of the real property." Certain existing fees such as governmental fees, court ordered fees, mechanic lien fees, common interest development fees, etc. are specially excluded from the definition of "Transfer Fee"

To determine if the property is subject to a Transfer Fee, OBTAIN COPIES OF ALL THE EXCEPTIONS LISTED ON THE PRELIMINARY (TITLE) REPORT FROM THE TITLE COMPANY AND READ THEM TO DETERMINE IF ANY TRANSFER FEES ARE APPLICABLE. Please be aware that private transfer fees may be difficult to identify by simply reading the title report.

Effective January 1, 2008, Civil Code Section 1102.6e requires the Seller to notify the Buyer of whether a private transfer fee applies and if present, to disclose certain specific information about the fee.

Content of Disclosure. Civil Code Section 1102.6e requires the Seller to disclose specific information about any Transfer Fee that may affect the property. Please refer to the legal code or to the C.A.R Form NTF (11/07), provided by the California Association of Realtors, for a standard format to use in making the Transfer Fee Disclosure if you elect to investigate and make this disclosure personally.

How to Determine the Existence of a Transfer Fee. If a Transfer Fee does exist affecting the property, the document creating the fee may be on file with the County Recorder as a notice recorded against the property and should be disclosed in the preliminary (title) report on the property. However, the preliminary (title) report will merely disclose the existence of the documents affecting title, not the content of the documents. The title of a document may also not be sufficient to disclose that a transfer fee is included in its terms. Accordingly Seller should (a) request the title company which issued the preliminary (title) report to provide copies of the documents shown as "exceptions," and (b) review each document to determine if it contains a transfer fee.

2. Documentary Transfer Taxes

This is a government tax imposed by a city or county when a property within the jurisdiction is sold or transferred. (It is commonly known as a "Real Estate Transfer Tax".) It is NOT the same as a private transfer fee, which may be imposed by a private entity such as a property developer, home builder, or homeowner association. However, it is a similar fee due upon closing, calculated based on a percentage of the purchase price.

Transfer Tax Defined. Under California Revenue and Taxation Code Sections 11911-11929, counties and cities are authorized to impose a tax on the transfer of property located within their jurisdiction. The tax is commonly known by various names, including the Documentary Transfer Tax, or Real Property Transfer Tax, or Real Estate Transfer Tax (hereinafter, the "Transfer Tax").

How Much? The tax is due at closing and payable through escrow. This tax does not expire. All future sales of this property will be charged this tax at close of escrow. The amount of the transfer tax is based on the value or sale prices of the property that is transferred. The county rate is one dollar and ten cents (\$1.10) for each one thousand dollars (\$1,000) of value. The rate for non-charter ("general law") cities is one-half of the county rate and is credited against the county tax due. Charter cities may impose a transfer tax at a rate higher than the county rate.

For any city or county in California, the Transfer Tax rate ("Tax Rate Table") is available at no charge from many sources, most conveniently on the website of the California Local Government Finance Almanac (sponsored by the California League of Cities): <http://www.californiacityfinance.com/PropTransfTaxRates.pdf>

To estimate the transfer tax for the property, multiply the Property's estimated sales price (in thousands of dollars) by the amount shown in the Tax Rate Table for the city and county in which the property is located.

Who Pays? The law states that, "the Transfer Tax must be paid by the person who makes signs or issues any document subject to the tax or for whose use or benefit the document is made, signed or issued." In practice, this means that the payment of the Transfer Tax is customarily made by the Seller or the Buyer, or shared by both, depending on the jurisdiction in which the transferred property is located.

Are there any exemptions? The California Revenue and Taxation Code, which provides the statutory authority for counties to impose the transfer tax, specifically exempt from the transfer tax the following transactions:

1. Instruments in writing given to secure a debt.
2. Transfers whereby the federal or any state government, or agency, instrumentality or political subdivision thereof, acquires title to realty.
3. Transfers made to effect a plan of reorganization or adjustment (i) confirmed under the Federal Bankruptcy Act, (ii) approved in certain equity receivership proceedings or (iii) whereby a mere change in identity, form or place of organization is effected.
4. Certain transfers made to affect an order of the Securities and Exchange Commission relating to the Public Utility Holding Company Act of 1935.
5. Transfers of an interest in a partnership (or, beginning January 1, 2000, an entity treated as a partnership for federal income tax purposes) that holds realty, if (i) the partnership is treated as continuing under IRC § 708 and (ii) the continuing partnership continues to hold the realty.
6. Certain transfers in lieu of foreclosure.
7. Transfers, divisions or allocations of community, quasi-community or quasi-marital property between spouses pursuant to, or in contemplation of, a judgment under the Family Code.
8. Transfers by the State of California, or any political subdivision, agency or instrumentality thereof, pursuant to an agreement whereby the purchaser agrees to immediately reconvey the realty to the exempt agency.
9. Transfers by the State of California, or any political subdivision, agency or instrumentality thereof, to certain nonprofit corporations.
10. Transfers pursuant to certain *inter vivos* gifts or inheritances.

DISCLAIMERS

ACCEPTANCE OR USE OF THIS REPORT BY ANY PERSON CONSTITUTES AN AGREEMENT TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS, AND LIMITATIONS OF LIABILITY, STATED HEREIN.

THIS AGREEMENT TO BE BOUND BY THESE TERMS AND CONDITIONS, AND LIMITATIONS ON LIABILITY, IS MADE REGARDLESS OF WHETHER THE PERSON ACCEPTING OR USING THE REPORT PAID FOR, OR ORDERED, THE REPORT.

THIS REPORT IS NOT A WARRANTY OR A POLICY OF INSURANCE.

TERMS AND CONDITIONS

1. Recipient(s) Defined

"Recipient(s)" shall mean and refer to transferor(s)/seller(s), transferee(s)/buyer(s), and their respective agent(s)/broker(s) who access a copy of this Report.

2. Report Defined

"Report" shall mean and refer to any disclosure Report prepared by Disclosure Source and made available to the Recipient(s), whether the Report is provided as a hard copy, via email, or accessed via www.DisclosureSource.com.

3. No Third Party Reliance

The information contained in this Report is intended for the exclusive benefit and use of the Recipient(s). No person other than the Recipient(s) should rely upon, refer to, or use this Report, or any information contained within this Report, for any purpose. Disclosure Source expressly disclaims all liability, including liability for breach of contract and negligence, to persons other than Recipient(s). The disclosures contained in this Report "shall not be used by any other party, including, but not limited to, insurance companies, lenders, or governmental agencies, for any purpose." California Civil Code section 1103.2(g).

4. Seller's and Seller's Agent's Independent Disclosure Obligations

Seller(s) and their agent(s) are independently required to make certain statutory disclosures of all material facts about the subject property within their actual knowledge. This Report does not alter, change, impact, affect, or replace seller or seller's agent's independent disclosure obligations. Disclosure Source acknowledges that there may be other disclosures required under applicable state law and/or within seller's and seller's agent's actual knowledge, and Disclosure Source makes no representations as to the adequacy or accuracy of any other representations or disclosures made under applicable state law.

5. Explanation of Services and Limitations

California Civil Code requires that the seller of certain real property determine from local agencies whether the property is subject to a Mello-Roos Community Facilities Act and Special Tax Assessment, and if so, deliver notice of such special tax assessment(s) to the prospective buyer. The purposes of the Special Tax and Assessment Section are to (a) make preliminary determinations regarding whether secured tax rolls contain Mello Roos Community Facilities District Special Taxes or Improvement Bond Act of 1915 Lien Assessments against the subject property, and (b) assist the seller in fulfilling his/her duty to comply with California Civil Code Section 1102.6b.

Disclosure Source has not performed a visual or physical inspection of the property. This Report is not a substitute for a visual or physical inspection of the property or a geologic or engineering study. Disclosure Source assumes no responsibility for any costs or consequences, direct or indirect, arising due to the need, or the lack of need, for earthquake insurance, fire insurance or flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

In order to prepare this Report, the Recipient (or his/her agent) supplied Disclosure Source with the Assessor's Parcel Number ("APN") or Tract and Lot numbers, or the building and/or unit numbers, or a Project site plan for the subject property. Disclosure Source has not verified the accuracy of the APN, or Tract and Lot numbers, or the building and/or unit numbers, or the Project site plan. This Report was prepared based upon such APN or Tract and Lot numbers, or the building and/or unit numbers, or the Project site plan, and shall not, and does not, include any property beyond the boundaries of the subject property, including but not limited to, any common interest areas, structures (whether located on the subject property, or not), easements, or any right, title, interest, estate, or easement in any abutting streets, roads, alleys, lanes, ways, or waterways. Disclosure Source shall not be responsible or liable for any losses, liabilities or damages resulting from an incorrect APN or Tract and Lot numbers, or the building and/or unit numbers, or a Project site plan. No determination is made and no opinion is expressed, or intended, by this Report concerning whether the subject property is comprised of legal lots in conformance with the California Subdivision Map Act.

When preparing the Special Tax and Assessment Section, the Company reviewed county tax records and other official and third party resources to determine whether, according to those records, the property is subject to a Special Tax pursuant to the Mello-Roos Community Facilities Act or a Special Assessment pursuant to the Improvement Bond Act of 1915. Only assessments that were levied against the property at the time the Company obtained the tax records are disclosed. No study of the public records was made by the Company to determine the presence of any other tax or assessment. Items not yet levied on the tax bill, items not appearing on the tax bill because the current owner has applied for an available exemption, supplemental taxes, unsecured property taxes, and items removed from the tax bill due to a pending judicial foreclosure suit may not be reflected on this Report. The amount of the levy, ending year, and other tax information may be subject to change in the future. Tax information can vary from property to property. The tax and assessment information in this Report is for the specific time frame and property referenced and may not be used for other properties. The Company is not responsible for any changes that may occur. In some instances, (including some condos, mobile homes, and new subdivisions), the tax roll data disclosed may represent the amount assessed for an entire parcel prior to subdivision of said parcel.

This Report and the above explanation of Special Tax and Assessments are intended to be general in nature and is not a substitute for a tax bill, title report or title insurance and may not be relied upon as such. If detailed information is desired, the Company recommends contacting the agency that administers the Special Tax and Assessment or retaining a professional consultant. The Company believes that the information and data contained in this Report is correct but we do not guarantee the accuracy of County records or the records of Bond Administrators from which this information is based, or accept liability for future tax payments in the event the information is inaccurate, incomplete or outdated. The assessed levy amounts listed are provided by the Tax Collector's office and are accurate based on the levies listed in the identified tax record as of the beginning of the identified tax year. No determination is made and no opinion is expressed, or intended, by the Report concerning the existence of property tax liabilities, unless specifically described in the Report. The applicable county tax assessor/collector updates their Tax Assessment frequently and the Company updates their Tax Assessment information yearly. If your decision to purchase this property is based in part on information contained in this Report, the Company recommends you contact the County Tax Collector's office and the Bond Administrators to verify its accuracy.

6. Notice to Recipient(s)

Disclosure Source provides the Report for the benefit of all Recipient(s). Disclosure Source considers Recipient(s) to be a contracting party who is subject to the explanation of services, conditions, limitations and disclaimers herein, and by signing the Report, Recipient(s) expressly agrees to receive the services, and be bound by the conditions, limitations and disclaimers herein. This Report is for the exclusive benefit of the Recipient(s). There shall be no third party beneficiaries, and the Report may not be used in any subsequent transaction affecting the subject property or for any other real property.

7. Limitation of Liability

(a) Disclosure Source has prepared this Report solely based upon records and information provided by various governmental and private agencies. Although reasonable care has been exercised by Disclosure Source in compiling the data and information contained in the Report, Disclosure Source has assumed that these records and information are accurate and complete, and Disclosure Source has not conducted any independent verification of their accuracy or completeness. Disclosure Source shall not be liable to Recipient(s) for errors, inaccuracies or omissions in this Report if such errors, inaccuracies or omissions were based upon information contained in the public and private records used by Disclosure Source, or were known to exist by Recipient(s) on the date of delivery of this Report to Recipient(s).

(b) Disclosure Source expressly excludes from liability any disclosures or information (i) not known to Disclosure Source, (ii) not on the maps used by Disclosure Source, (iii) not recorded in the public record as of the date it was reviewed by Disclosure Source, (iv) not included in the categories included in the Disclosure Report, (v) which would be discovered by a physical inspection of the property, and/or (vi) known to any Recipient prior to receipt of the Report.

(c) Disclosure Source shall not be liable for any damages resulting from a Recipient's inability to access the Report.

(d) Any website or hyperlink contained in the Report is provided for informational purposes only, and Disclosure Source is not responsible for the accuracy of any information available from or through any referenced website or hyperlink.

(e) Disclosure Source liability for any claim, or claims, including but not limited to any claim for breach of contract or negligence, is limited to actual proven damages as a result of an error or omission in the Report, not to exceed \$10,000.

(f) Disclosure Source shall not be liable for any incidental damages, consequential damages, special damages, indirect damages, or lost profits suffered by Recipient(s).

8. Report Is Not For Credit Purposes

The information collected and disclosed in the Report is not indicative of any person's credit worthiness, credit standing, credit score, credit capacity or any other characteristics listed in Section 1681(a) of the Fair Credit Reporting Act ("FCRA"). The Report shall not be used in any way, or for any purpose, or in any manner that would cause the Report to be construed as a "consumer report" under the FCRA or any similar State or Federal statute, rule, law or regulation.

9. Change in Information

This Report is an "AS IS" Report. Updates to the databases used in this Report are determined by the responsible agency and may be made at any time and without notice. For that reason, Disclosure Source maintains an update schedule and makes reasonable efforts to use updated information. The complexities of obtaining and adapting the data into a usable format for preparing this Report necessitate some delay once the updated information is obtained; therefore the Report may be considered accurate only as of the date when the database was last reviewed and implemented by Disclosure Source. Subsequent to Disclosure Source's acquisition of government records, changes may be made to said government records and Disclosure Source shall have no obligation to update the Report or to communicate to any Recipient(s), or any other person, any changes, acts, occurrences, circumstances or agreements occurring after the date of the Report, which render inaccurate anything contained in the Report. Disclosure Source may at its sole discretion supplement the Report. The determinations made in the Report are time-sensitive. Disclosure Source shall not be liable for any impact on the Property, or the value thereof, that any change to the government records may have. Disclosure Source is under no duty to update this Report when or if new information is released or becomes available.

10. Notice of Claim

Recipient(s) must promptly notify Disclosure Source in writing of any error or omission, and give Disclosure Source an opportunity to correct such error and omission. All notices and claims shall be addressed to Disclosure Source, Claims Department, 1850 Gateway Blvd, # 400, Concord, CA 94520. Any claim must be given promptly in writing when knowledge is acquired by any Claimant of any information which is contrary to the Disclosure Report. If a written claim notice is not given promptly to Disclosure Source, all liability of Disclosure Source shall terminate with regard to the matters for which a prompt claim notice is required but only to the extent that the failure to give prompt written notice has prejudiced Disclosure Source.

11. Governing Law

These Terms and Conditions, and any Recipient's use of the Report, shall be governed by, and construed in accordance with, the laws of the State of California.

12. Resolution of Disputes (Arbitration or Small Claims)

MANDATORY ARBITRATION. 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.**

Any claim, dispute or controversy, pursuant to contract or tort law, or otherwise, arising out of or relating to this Agreement, the Report, its issuance, its contents, the disclosures, a breach of the Agreement, any controversy or claim arising out of the transaction giving rise to this Agreement, or the relationships among the parties hereto ("Claim"), shall be resolved by one arbitrator through binding arbitration administered by the American Arbitration Association ("AAA"), under the AAA Consumer Rules in effect at the time the Claim is filed ("AAA Rules"). Copies of AAA Rules and forms can be located at www.adr.org, or by calling 1-800-778-7879.

The arbitration will take place in the same county in which the property is located. The arbitrator's decision shall be final, binding, and non-appealable. Judgment upon the award may be entered and enforced in *any* court having jurisdiction. This clause is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act. By receiving this Report, and entering into this Agreement, the parties acknowledge that they are giving up the right to a jury trial, and the right to participate in any class action, private attorney general action, or other representative or consolidated action, including any class arbitration or consolidated arbitration proceeding. Neither party shall sue the other party other than as provided herein or for enforcement of this clause or of the arbitrator's award: any such suit may be brought only in Federal District Court for the District or, if any such court lacks jurisdiction, in *any* state court that has jurisdiction. The arbitrator, and not any federal, state, or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this agreement to arbitrate, including *any* claim that all or *any* part of the Terms and Conditions, including this agreement to arbitrate, is void or voidable. However, the preceding sentence shall not apply to the clause entitled "Class Action Waiver."

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.

CLASS ACTION WAIVER. Any Claim must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("Class Action"). The parties expressly waive any ability to maintain any Class Action in *any* forum. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action nor make an award to *any* person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator.

13. Severability

In the event any provision of this Disclosure Report is held invalid or unenforceable under applicable law, this Disclosure Report shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

14. Complete Agreement

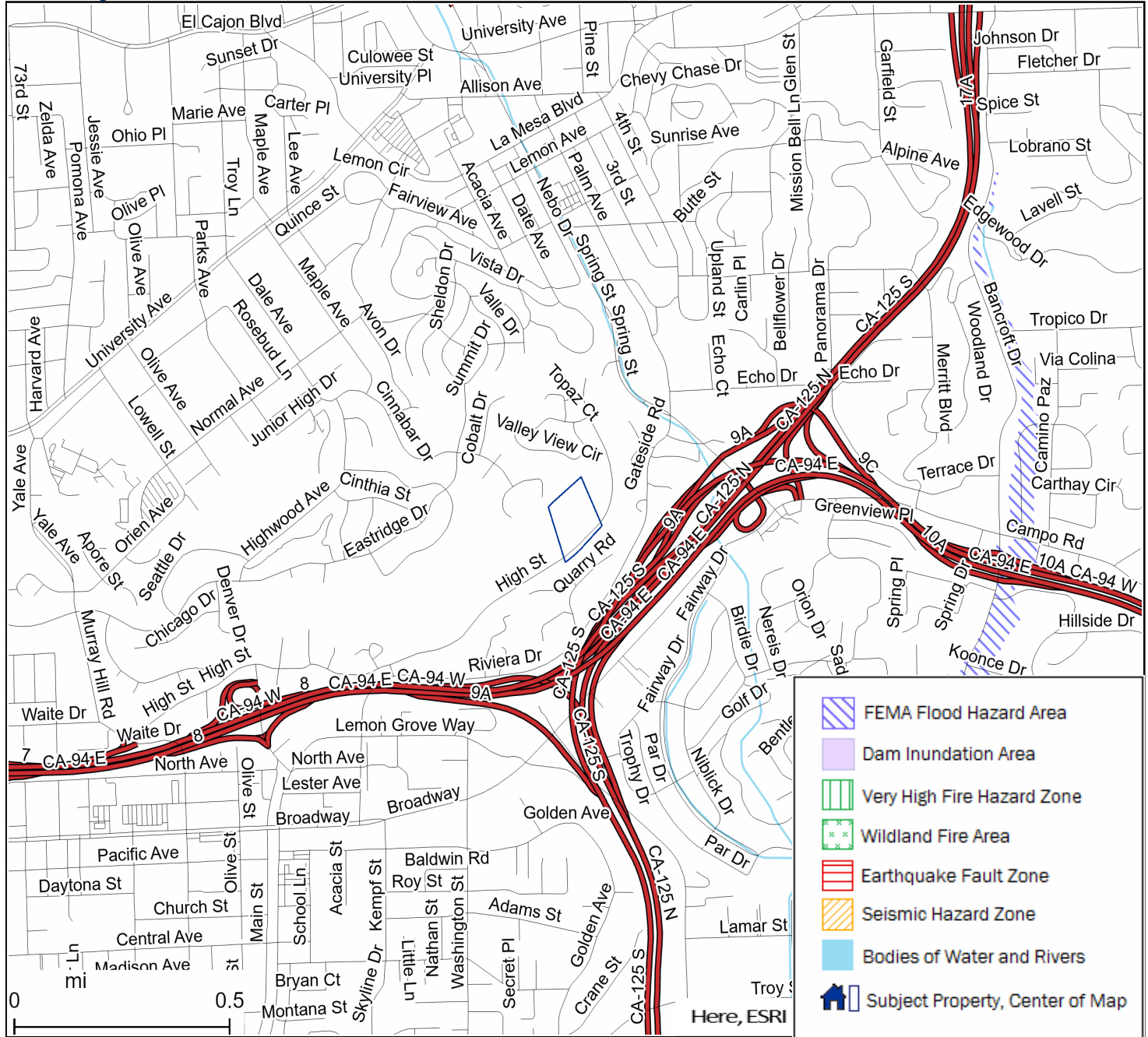
These Terms and Conditions constitute the single and entire integrated agreement between Disclosure Source and the Recipient(s), and supersede and replace all prior statements, representations, discussions, negotiations and agreements.

Property Address: 8246 HIGH ST
LA MESA, CA 91941

Date: 4/11/2024
Order Number: 240411-00020

Lot/Unit: 17

Statutory Natural Hazard Disclosures



- IS IS NOT Located in a FEMA Special Flood Hazard Area.
- IS IS NOT Located in a Dam Inundation Area.
- IS IS NOT Located in a Very High Fire Hazard Severity Zone.
- IS IS NOT Located in a Wildland Fire Area.
- IS IS NOT Located in an Alquist-Priolo Earthquake Fault Zone.
- * IS IS NOT Located in a Seismic Hazard Zone.

Fire Hazard Severity Zone: Very High High

This map is for your aid in locating natural hazard areas in relation to the subject Property described above. Please verify street address and/or assessor's parcel number for accuracy. The map is intended for informational purposes only. The company assumes no liability (express or implied) for any loss occurring by reference, misinterpretation, misuse, or sole reliance thereon. **This map is not intended for use as a substitute disclosure**

* Please read the report for further information as AB38 disclosure advisory may apply.

Property Address: 8246 HIGH ST
LA MESA, CA 91941

Date: 4/11/2024
Order Number: 240411-00020

Lot/Unit: 17

Local/Supplemental Natural Hazard Disclosures



- IS IS NOT in a Supplemental Flood Hazard Zone.
- IS IS NOT in a Supplemental Fire Hazard Zone.
- IS IS NOT in a Supplemental Earthquake Fault Zone.
- * IS IS NOT in a Supplemental Seismic/Geologic Hazard Zone.

This map is for your aid in locating natural hazard areas in relation to the subject Property described above. Please verify street address and/or assessor's parcel number for accuracy. The map is intended for informational purposes only. The company assumes no liability (express or implied) for any loss occurring by reference, misinterpretation, misuse, or sole reliance thereon. **This map is not intended for use as a substitute disclosure under California law.**

* Please read the report for further information

Property Address: 8246 HIGH ST
 LA MESA, CA 91941

Date: 4/11/2024
Order Number: 240411-00020

Lot/Unit: 17

NATURAL HAZARD DISCLOSURE STATEMENT

This statement applies to the following property: **8246 HIGH ST, LA MESA, CA, 91941 APN:**

The seller and the seller's agent(s) or a third-party consultant disclose the following information with the knowledge that even though this is not a warranty, prospective buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this action to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property. The following are representations made by the seller and seller's agent(s) based on their knowledge and maps drawn by the state and federal governments. This information is a disclosure and is not intended to be part of any contract between the seller and buyer.

THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S):

A SPECIAL FLOOD HAZARD AREA (Any type Zone "A" or "V") designated by the Federal Emergency Management Agency.

Yes _____ No X Do not know and information not available from local jurisdiction _____

AN AREA OF POTENTIAL FLOODING shown on a dam failure inundation map pursuant to Section 8589.5 of the Government Code.

Yes _____ No X Do not know and information not available from local jurisdiction _____

A HIGH or VERY HIGH FIRE HAZARD SEVERITY ZONE (FHSZ) as identified by the Director of Forestry and Fire Protection pursuant to Section 51178 of the Government Code or Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes _____ No X

High FHSZ in a state responsibility area	Yes _____	No <u> X </u>
Very High FHSZ in a state responsibility area	Yes _____	No <u> X </u>
Very High FHSZ in a local responsibility area	Yes _____	No <u> X </u>

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code.

Yes _____ No X

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code.

Yes _____ No X

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.


Yes (Landslide Zone) _____ Yes (Liquefaction Zone) _____ No _____ Map not yet released by state X

THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. SELLER(S) AND BUYER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY.

Signature of Seller(s)	_____	Date	_____
Signature of Seller(s)	_____	Date	_____
Seller's Agent(s)	_____	Date	_____
Seller's Agent(s)	_____	Date	_____

Check only one of the following:

- Seller(s) and their agent(s) represent that the information herein is true and correct to the best of their knowledge as of the date signed by the seller (s) and agent(s).
- Seller(s) and their agent(s) acknowledge that they have exercised good faith in the selection of a third-party report provider as required in Section 1103.7 of the Civil Code, and that the representations made in this Natural Hazard Disclosure Statement are based upon information provided by the independent third-party disclosure provider as a substituted disclosure pursuant to Section 1103.4 of the Civil Code. Neither seller(s) nor their agent(s) (1) has independently verified the information contained in this statement and report or (2) is personally aware of any errors or inaccuracies in the information contained on the statement. This statement was prepared by the provider below:

Third-Party Disclosure Provider(s)  Date 4/11/2024

Buyer represents that he or she has read and understands this document. Pursuant to Civil Code Section 1103.8, the representations made in this Natural Hazard Disclosure Statement do not constitute all of the seller's or agent's disclosure obligations in this transaction.

By signing below, the buyer(s), also acknowledge they have read and understand the additional disclosures, notices, advisories, and disclaimers provided in this report including, but not limited to, local/supplemental natural hazards, commercial/industrial zoning, airport influence area and airport proximity, Williamson Act, right to farm, mining operations, transfer fee notice, notice of your supplemental property tax bill, gas and hazardous liquid transmission pipelines, toxic mold, methamphetamine or fentanyl contaminated property, Megan's law, flood insurance, military ordnance location, energy efficiency standards, water conserving plumbing fixtures, solar energy systems notice, mudslide / debris flow advisory, habitat sensitivity area/endangered species, oil, gas wells and methane, naturally occurring asbestos, radon, and links to download Governmental Guides referred to in the Report (additional signatures may be required):

1. ["Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants";](#)
2. ["Protect Your Family From Lead In Your Home";](#)
3. ["Homeowners Guide to Earthquake Safety" and "Residential Earthquake Hazards Report" form;](#)
4. ["What is your Home Energy Rating?";](#)

Signature of Buyer(s)	_____	Date	_____
Signature of Buyer(s)	_____	Date	_____

Property Address: 8246 HIGH ST
LA MESA, CA 91941

Date: 4/11/2024
Order Number: 240411-00020

Lot/Unit: 17

THE RECIPIENT(S) SHOULD CAREFULLY READ THE EXPLANATION OF SERVICES, CONDITIONS, LIMITATIONS & DISCLAIMERS CONTAINED IN THIS REPORT.

PAYMENT POLICY: FULL PAYMENT FOR THIS REPORT IS DUE UPON CLOSE OF ESCROW. THE LIABILITY PROVISIONS OF THE REPORT DO NOT APPLY UNTIL FULL PAYMENT IS RECEIVED.

CANCELLATION POLICY: OUR REPORT CAN ONLY BE CANCELLED IF ESCROW IS CANCELLED, OR THE SELLER TAKES THE PROPERTY OFF THE MARKET. SIGNED ESCROW CANCELLATION INSTRUCTIONS ARE REQUIRED.

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In Out Not Mapped Statutory Natural Hazard Disclosures

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Flood Hazard Area designated by the Federal Emergency Management Agency	2
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dam Inundation / Area of Potential Flooding	2
			Wildfire Mitigation: Home Hardening And Defensible Space Notice (AB 38)	3
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Very High Fire Hazard Severity Zone	3
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Wildland Area That May Contain Substantial Forest Fire Risks And Hazards	4
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Earthquake Fault Zone	4
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Seismic Hazard - Landslide Zone	5
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Seismic Hazard - Liquefaction Zone	5

In Out Not Mapped Local/Supplemental Natural Hazard Disclosures

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Supplemental Flood Hazard Zone	6
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Supplemental Fire Hazard Zone	6
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Supplemental Earthquake Fault Hazard Zone	7
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Supplemental Seismic/Geologic Hazard Zone	7

In Out Additional Disclosures

<input checked="" type="checkbox"/>	<input type="checkbox"/>	Commercial/Industrial Zoning	8
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Airport Influence Area	8
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Airport Proximity	8
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Right to Farm	9
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Mining Operations	9

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AB38 NOTICE

If this property is located in either a High or Very High Fire Severity Zone according to this report, it is subject to AB38 Disclosure Requirements. Precise disclosure of fire zones can be found on the Summary Page, and on either of the maps included in this report. AB38 applies to Residential 1-4 unit properties (including condos and manufactured homes). Additionally, the property may be subject to a Defensible Space Inspection. Senate Bill 63, among other things, would instead provide that fuel modification beyond the property line may only be required by State law, local ordinance, rule, or regulation to maintain the 100 feet of defensible space.

To Request a Defensible Space Inspection, click the following link:
<https://survey123.arcgis.com/share/e659f03a6e8447af8663e42cf48f60fd>



For more Information on Defensible Space, please click this link:

<https://www.readyforwildfire.org/>

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STATUTORY NATURAL HAZARD DISCLOSURES

Disclosure Source reviews specific public records to determine whether the property is located in any of six statutorily defined natural hazard areas described below.

SPECIAL FLOOD HAZARD AREA

Pursuant to federal law, the Federal Emergency Management Agency (FEMA) is required to identify and designate areas that are subject to flooding as part of the National Flood Insurance Program. A "Special Flood Hazard Area" (any type Zone "A" or "V") as determined by FEMA is an area where all or a portion of the property has a 1% chance each year of being inundated by flood waters. If a property is located in a Special Flood Hazard Area, the cost and availability of flood insurance may be affected. Properties not located in a Special Flood Hazard Area are not relieved from the possibility of sustaining flood damage. A few areas are not covered by official Flood Insurance Rate Maps. If information is not available, Disclosure Source recommends that the buyer contact the local jurisdiction's planning and building department to determine the potential for flooding at the subject Property.

Source(s) of data: Title 42 United States Code Section 4101

Based on a review of the Flood Insurance Rate Map(s) issued by FEMA, the subject Property:

IS IS NOT located in a Special Flood Hazard Area Do not know and information not available

DAM INUNDATION / AREA OF POTENTIAL FLOODING

The State of California Office of Emergency Services is required to review, approve and maintain copies of the maps that have been prepared and submitted to them by local governmental organizations, utilities or other owners of any dam in the state. The maps delineate areas of potential inundation and flooding that could result from a sudden, partial or total dam failure. Dams in many parts of the world have failed during significant earthquakes, causing flooding of those areas in the pathway of the released water. The actual risk of dam failure is not defined by the map(s). Legislation also requires, appropriate public safety agencies of any city, county, or territory of which is located in such an area, to adopt/implement adequate emergency procedures for the evacuation and control of populated areas near/below such dams.

Source(s) of data: Government Code Section 8589.5.

Based on a review of the official map(s) available through the State of California, Office of Emergency Services, the subject Property:

IS IS NOT located in a Dam Inundation Zone Do not know and information not available

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WILDFIRE MITIGATION: HOME HARDENING AND DEFENSIBLE SPACE NOTICE (AB 38)

Pursuant to California Civil Code Section 1102.6f, the seller of residential real property that is located in a high or very high fire hazard severity zone, as identified by the Director of Forestry and Fire Protection pursuant to Section 51178 of the Government Code or Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code, shall provide the following information to the buyer, if the home was constructed before January 1, 2010:

"This home is located in a high or very high fire hazard severity zone and this home was built before the implementation of the Wildfire Urban Interface building codes which help to fire harden a home. To better protect your home from wildfire, you might need to consider improvements. Information on fire hardening, including current building standards and information on minimum annual vegetation management standards to protect homes from wildfires, can be obtained on the internet website <http://www.readyforwildfire.org>."

Seller should also disclose which of the listed features, if any, exist on the property that may make the home vulnerable to wildfire and flying embers: a) eave, soffit, and roof ventilation where the vents have openings in excess of one-eighth of an inch or are not flame and ember resistant, b) roof coverings made of untreated wood shingles or shakes, c) combustible landscaping or other materials within five feet of the home and under the footprint of any attached deck, d) single pane or nontempered glass windows, e) loose or missing bird stopping or roof flashing, f) rain gutters without metal or noncombustible gutter covers.

If, pursuant to Section 51182 of the Government Code, the seller has obtained a final inspection report described in that section, the seller shall provide to the buyer a copy of that report or information on where a copy of the report may be obtained.

California Civil Code Section 1102.19 requires the seller, on and after July 1, 2021, to provide to the buyer documentation stating that the property complies with Section 4291 of the Public Resources Code or local vegetation management ordinances. If the local jurisdiction has not enacted an ordinance for an owner of real property to obtain documentation that a property is in compliance with Section 4291 of the Public Resources Code or a local vegetation management ordinance, and if a state or local agency, or other government entity, or other qualified nonprofit entity, provides an inspection with documentation for the jurisdiction in which the property is located, the seller shall provide the buyer with the documentation obtained in the six-month period preceding the date the seller enters into a transaction to sell that real property and provide information on the local agency from which a copy of that documentation may be obtained.

If the seller has not obtained documentation of compliance, the seller and the buyer shall enter into a written agreement pursuant to which the buyer agrees to obtain documentation of compliance with Section 4291 of the Public Resources Code or local vegetation management ordinance within one year of the close of escrow date.

VERY HIGH FIRE HAZARD SEVERITY ZONE

The California Legislature has declared that space and structure defensibility is essential to diligent fire prevention. Further, the Director of Forestry and Fire Protection has identified Very High Fire Hazard Severity Zones in Local Responsibility Areas based on consistent statewide criteria, and based on the severity of fire hazard that is expected to prevail in those areas. Determining information includes, but is not limited to: Fuel loading, terrain (slope), fire weather conditions and other relevant factors.

Source(s) of data: California Government Code Section 51178 and 51179

Based on a review of the official map(s) issued by the California Department of Forestry and Fire Protection, the subject Property:

IS IS NOT located in a VERY HIGH FIRE HAZARD SEVERITY ZONE

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WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS / STATE RESPONSIBILITY AREA

The California Department of Forestry and Fire Protection designates State Responsibility Areas (SRA) and bears the primary financial responsibility for the prevention and/or suppression of fires in these areas. A seller of real property located within a SRA must disclose the fact that there may be a forest fire risk and hazard on the property, and the fact that the property owner may be subject to the imposition of fire mitigation measures as set forth in Public Resources Code Section 4291.

Source(s) of data: California Public Resources Code Section 4125

Based on a review of the official map(s) issued by the California Department of Forestry and Fire Protection, the subject Property:

IS IS NOT located in a State Responsibility Area

ALQUIST-PRIOLO EARTHQUAKE FAULT ZONE

Earthquake Fault Zone maps are delineated and compiled by the California State Geologist pursuant to the Alquist-Priolo Earthquake Fault Zoning Act. During an earthquake, structures located directly over fault zones (surface fault traces) could sustain damage as a result of a seismic event resulting from ground fault rupture (surface cracking). For the purposes of this report, an Earthquake Fault Zone is generally defined as an area approximately 1/4 mile in total width (1,320 feet) located along a known active earthquake fault. An "active" fault as defined by the State of California, Department of Conservation, Division of Mines and Geology is an earthquake fault that has produced ground surface displacement (ground surface rupture) within the last eleven thousand years.

Source(s) of data: California Public Resources Code Section 2622

Based on a review of the official map(s) issued by the California Department of Conservation, Division of Mines and Geology, the subject Property:

IS IS NOT located in an Alquist-Priolo Fault Zone

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SEISMIC HAZARD ZONE

The intent of the Seismic Hazards Mapping Act of 1990 is to provide for a statewide seismic hazard mapping and technical advisory program to assist cities and counties in fulfilling their responsibilities for protecting the public health and safety from the effects of strong ground shaking, liquefaction (failure of water-saturated soil), landslides and other seismic hazards caused by earthquakes. Under this act, The California Department of Conservation is mandated to identify and map the state's most prominent earthquake hazards. Information produced by these maps is utilized (in part) by cities and counties to regulate future development. Development/Construction permits may be withheld until adequate geologic or soils investigations are conducted for specific sites, and mitigation measures are incorporated into development plans.

Seismic Hazard Zone maps delineate areas subject to earthquake hazards. New development in a Seismic Hazard Zone is only permitted if it can be shown that mitigation makes the site acceptably safe. Maps are only available for limited areas now, but will eventually cover all of California.

Earthquake-Induced Landslide Hazard Zones are areas where there has been a recent landslide, or where the local slope, geological, geotechnical, and ground moisture conditions indicate a potential for landslides as a result of earthquake shaking. Landslides zones are described as areas in which masses of rock, soil or debris have been displaced down slope by flowing, sliding or falling. The severity of a landslide depends on the underlying geology, slope and soil in the area.

Liquefaction Hazard Zones are areas where there is a potential for, or an historic occurrence of liquefaction. Liquefaction is a liquid-like condition of soil which sometimes occurs during strong earthquake shaking where the groundwater is shallow and soils are loose and granular (sands for example). These factors can combine to produce liquefaction in localized areas. When liquefaction occurs the soil temporarily becomes liquid-like and structures may settle unevenly. This condition can cause lateral spreading of level ground, and ground failure and sliding on slopes. Liquefaction can cause structural damage under certain geologic conditions. The type of sedimentary deposit, penetration resistance, and depth to ground water are the key factors that govern an area's susceptibility to liquefaction.

Source(s) of data: California Public Resources Code Section 2696

Based on a review of the official map(s) issued by the California Department of Conservation, Division of Mines and Geology, the subject Property:

<input type="checkbox"/> IS	<input type="checkbox"/> IS NOT	located in a Landslide Hazard Zone	<input checked="" type="checkbox"/> Map not released by state
<input type="checkbox"/> IS	<input type="checkbox"/> IS NOT	located in a Liquefaction Hazard Zone	<input checked="" type="checkbox"/> Map not released by state

GOVERNMENTAL GUIDES: "HOMEOWNER'S [COMMERCIAL PROPERTY OWNER'S] GUIDE TO EARTHQUAKE SAFETY" PUBLISHED BY THE CALIFORNIA SEISMIC SAFETY COMMISSION CONTAINING IMPORTANT INFORMATION REGARDING EARTHQUAKE AND GEOLOGIC HAZARDS. THEY ARE AVAILABLE FOR DOWNLOAD AT [HTTPS://WWW.DISCLOSURESOURCE.COM/DOWNLOADS QUAKE.ASPX](https://www.disclosuresource.com/downloads/quake.aspx)

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LOCAL/SUPPLEMENTAL NATURAL HAZARD DISCLOSURES

Disclosure Source has obtained maps that are both official and publicly available from city, county, and state sources which supplement the statutory natural hazard information. The company has only reviewed maps that are available in a usable format and at an appropriate scale to delineate where hazards may exist on a single parcel basis. Disclosure Source recommends that the buyer contact the local building and planning departments to help ascertain what, if any, special requirements there might be for construction or renovation, and building code requirements for this property. The foregoing statement should be considered a part of the Disclaimers of this Disclosure Report and those Disclaimers apply to this Statement. Please refer to them for further information.

SUPPLEMENTAL FLOOD HAZARD ZONE

Supplemental flood zones include information in addition to, or different from, the areas mapped on Flood Insurance Rate Maps by the Federal Emergency Management Agency or Dam Inundation zones as reported by the California State Office of Emergency Services. These can include tsunamis, seiches (inland lake tsunamis), runoff hazards, historical flood data and additional dike failure hazards.

If a portion or all of the property is located within one of these hazard areas, the lending institution may require flood insurance. Disclosure Source recommends that the buyer: 1) contact the lending institution to ascertain any additional requirements for flood insurance, 2) contact the insurance company to ascertain the availability and cost of the flood insurance.

Based on the maps obtained, the subject Property:

IS IS NOT located in a supplemental Flood Hazard Zone Do not know OR information is not available

ADDITIONAL INFORMATION:

NONE

SUPPLEMENTAL FIRE HAZARD ZONE

Local agencies may, at their discretion, include or exclude certain areas from the requirements of California Government Code Section 51182 (imposition of fire prevention measures on property owners), following a finding supported by substantial evidence in the record that the requirements of Section 51182 either are, or are not adequate or necessary for effective fire protection within the area. Any additions to these maps that the company has been able to identify and substantiate are included in this search.

There may be maps of other substantial fire hazards such as brush fires that are not subject to Section 51182. Disclosure Source has included these maps in this search.

Fire hazard zones listed here, if any, are areas which contain the condition and type of topography, weather, vegetation and structure density to increase the susceptibility to fires. In these areas, the City or County may impose strategies to enforce fire mitigation measures, including fire or fuel breaks, brush clearance, and fuel load management measures. For example, emphasis on roof type and fire-resistant materials may be necessary for new construction or roof replacement. In addition, other fire defense improvements may be demanded, including special weed abatement, brush management, and minimum clearance around structures. In most cases, if a property is in a Fire Hazard Area, insurance rates may be affected.

Based on the maps obtained, the subject Property:

IS IS NOT located in a supplemental Fire Hazard Zone Do not know OR information is not available

ADDITIONAL INFORMATION:

NONE

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SUPPLEMENTAL EARTHQUAKE FAULT HAZARD ZONE

Many local jurisdictions have different or higher standards than the State for the identification of earthquake faults. Those jurisdictions have created their own maps which indicate active or potentially active faults according to those standards.

Many cities and counties require geologic studies before any significant construction if a property is in or near an earthquake fault zone known to them and certain types of construction may be restricted in these areas. Disclosure Source has included official and publicly available maps indicating earthquake faults known by those jurisdictions. In some cases the company has used the description of an Earthquake Fault Zone established by the Alquist -Priolo Earthquake Fault Zone Act of approximately 1,320 feet wide to define a supplemental Fault Hazard Zone.

Based on the maps obtained, the subject Property:

IS IS NOT located in a supplemental Fault Hazard Zone Do not know OR information is not available

ADDITIONAL INFORMATION:

NONE

SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE

The California Division of Mines and Geology (DMG) has not completed the project assigned by Section 2696 of the California Public Resources Code to identify areas of potential seismic hazard within the State of California. The DMG and the US Geologic Survey (USGS) have performed many valuable studies that supplement the Section 2696 maps and fill in many missing areas. These maps are included in this search. Also included in this search are maps that indicate many hazards that may or may not be seismically related, including, but not limited to, liquefaction, landslides, debris flows, mudslides, coastal cliff instability, volcanic hazards and avalanches. A number of various geologic factors may influence the types of geologic hazards present: rainfall amounts, removal of vegetation, erosion, seismic activity, or even human activity. The severity of a geologic hazard depends on the underlying geology, slope, proximity to earthquake faults, and soil type in the area. Many cities and counties require geologic studies before any significant construction if a property is in or near a geologic hazard known to them and certain types of construction may be prohibited.

Based on the maps obtained, the subject Property:

IS IS NOT located in a supplemental Geologic Hazard Zone Do not know OR information is not available

ADDITIONAL INFORMATION:

In an area of HIGH potential for Landsliding.

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ADDITIONAL DISCLOSURES

COMMERCIAL / INDUSTRIAL ZONING

Pursuant to California Civil Code Section §1102.17, the seller of residential real property subject to this article who has actual knowledge that the property is adjacent to, or zoned to allow, an industrial use described in Section 731a of the Code of Civil Procedure, or affected by a nuisance created by such a use, shall give written notice of that knowledge as soon as practicable before transfer of title.

"Whenever any city, city and county, or county shall have established zones or districts under authority of law wherein certain manufacturing or commercial or airport uses are expressly permitted, except in an action to abate a public nuisance brought in the name of the people of the State of California, no person or persons, firm or corporation shall be enjoined or restrained by the injunctive process from the reasonable and necessary operation in any such industrial or commercial zone or airport of any use expressly permitted therein, nor shall such use be deemed a nuisance without evidence of the employment of unnecessary and injurious methods of operation. Nothing in this act shall be deemed to apply to the regulation and working hours of canneries, fertilizing plants, refineries and other similar establishments whose operation produce offensive odors." California Code of Civil Procedure Section §731a.

Based on the county tax assessment rolls, the subject Property:

IS IS NOT located within one mile of a property zoned for commercial or industrial use.

AIRPORT INFLUENCE AREA

Section 1103.4 of the California Civil Code requires notice if a property is encompassed within an airport influence area. According to Section 11010 of the Business and Professions Code, an airport influence area is defined as "an 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." Disclosure Source has utilized publicly available airport influence area maps from county Airport Land Use Commissions (ALUC). Airport influence area maps can be found within a county Airport Land Use Comprehensive Plan, available to the public through most county planning departments. Some airports have not published influence area maps and the property may still be subject to some of the annoyances or inconveniences associated with proximity to airport operations. Airports physically located outside California were not included in this report.

According to airport influence maps available, the subject Property:

IS IS NOT located in a mapped airport influence area.

If the subject property is located in an airport influence area, the following statement applies - 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.

AIRPORT PROXIMITY

Aircraft landing facilities listed herein, if any, consists of those owned by the United States Federal Government (Military aviation), public and privately owned civil and commercial aviation facilities. Private landing facilities (restricted public access), glider ports, facilities that have not been assigned a current location identifier by the Federal Aviation Administration (FAA), and airports physically located outside California were not included in this report.

While a property may not be within a defined airport influence area or within several miles of an aircraft landing facility, it may still be exposed to the nuisances related to such uses. No finding or opinion is expressed or implied in this report regarding the take-off and landing patterns utilized by airports, the noise levels experienced at the subject property as a result thereof, or the impact of any planned or approved airport expansion projects or modifications.

Note: This information does not relieve the sellers' duty to disclose, in writing, their actual knowledge that the property is adjacent to, or zoned to allow an industrial use described in Section 731a of the Code of Civil Procedure, including airport uses, or that is affected by a nuisance created by such a use.

According to information available from the FAA the company reports the following aircraft landing facilities within two miles of the subject Property. The calculated distance can be dependent upon the size of the airport influence area, if any.

FAA ID#	FACILITY NAME	TYPE	DISTANCE
03CA	GROSSMONT HOSPITAL	HELIPORT	1.89 MILES
MYF	MONTGOMERY FIELD	AIRPORT	8.76 MILES

For further information regarding any of the aircraft landing facilities identified in this report, please contact the following agency:

Western Pacific Region Airports Division, 15000 Aviation Blvd, #3012, Lawndale, CA 90261, (310) 725-3600

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RIGHT TO FARM

California Civil Code section 1103.4 requires notice if a property is presently located within one mile of a parcel of real property designated as "Prime Farmland," "Farmland of Statewide Importance," "Unique Farmland," "Farmland of Local Importance," or "Grazing Land" on the most current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection, and if so, accompanied by the following notice:

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.

According to the current county-level GIS "Important Farmland Map," issued by the California Department of Conservation, Division of Land Resource Protection, the subject Property:

IS IS NOT located within one mile of a farm or ranch land.

MINING OPERATIONS

The California Department of Conservation, Office of Mine Reclamation, maintains a database of map coordinate data submitted annually by mine operators in the State. Section 1103.4 of the California Civil Code requires notice if a property is within one mile of a mine operation for which the mine owner or operator has reported map coordinate data to the Office of Mine Reclamation, pursuant to Section 2207 of the Public Resources Code. (Note: Not all mine operators have provided map coordinate data to the Office of Mine Reclamation)

According to the database maintained by the California Department of Conservation, Office of Mine Reclamation, the subject Property:

IS IS NOT located within one mile of a mine operation.

If the subject Property is within one mile of a mine, the following statement applies - NOTICE OF MINING OPERATIONS:

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

In addition to active mines, California's landscape contains tens of thousands of abandoned mine sites. Many of these mines were immediately abandoned when insufficient minerals were found or when poor economics of the commodity made mining unprofitable. It is estimated that the majority of abandoned mines possess serious physical safety hazards, such as open shafts or adits (mine tunnel), while many others pose environmental hazards. Thousands of sites have the potential to contaminate surface water, groundwater, or air quality. Some are such massive problems as to earn a spot on the Federal Superfund list.

Maps and information on abandoned mines are available at the California Department of Conservation, Office of Mine Reclamation https://www.conservation.ca.gov/dmr/abandoned_mine_lands. The State of California, Department of Conservation makes no warranty, express or implied, as to the accuracy of these data or the suitability of the data for any particular use. Distribution of these data is intended for informational purposes and should not be considered authoritative or relied upon for navigation, engineering, legal, or other site-specific uses, including but not limited to the obligations of sellers of real property and their disclosure obligations under California law.

Parties with concerns about the existence or impact of abandoned mines in the vicinity of the property should contact the State Office of Mine Reclamation at: <https://www.conservation.ca.gov/DMR> and/or the local Engineering, Planning or Building Departments in the county where the property is located.

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NOTICES AND ADVISORIES

TRANSFER FEE NOTICE

This is commonly known as a "Private Transfer Tax". It is a fee imposed by a private entity such as a property developer, home builder, or home owner association, when a property within a certain type of subdivision is sold or transferred. A private transfer fee may also be imposed by an individual property owner. Private transfer fees are different from city or county Documentary Transfer Taxes. Private Transfer Fees may apply in addition to government Documentary Transfer Taxes that are due upon sale or transfer of the property.

California Civil Code Section 1098 defines a "Transfer Fee" as "any fee payment requirement imposed within a covenant, restriction, or condition contained in any deed, contract, security instrument, or other document affecting the transfer or sale of, or any interest in, real property that requires a fee be paid as a result of transfer of the real property." Certain existing fees such as government fees, court ordered fees, mechanic lien fees, common interest development fees, etc. are specially excluded from the definition of "Transfer Fee".

To determine if the property is subject to a Transfer Fee, OBTAIN COPIES OF ALL EXCEPTIONS LISTED ON THE PRELIMINARY TITLE REPORT FROM THE TITLE COMPANY AND READ THEM TO DETERMINE IF ANY TRANSFER FEES ARE APPLICABLE. Please be aware that private transfer fees may be difficult to identify by simply reading the title report.

Effective January 1, 2008, Civil Code Section 1102.6e requires the seller to notify the buyer of whether a private transfer fee applies and if present, to disclose certain specific information about the fee.

Content of Disclosure. Civil Code Section 1102.6e requires the seller to disclose specific information about any Transfer Fee that may affect the property. Please refer to the legal code or to the C.A.R. Form NTF (11/07), provided by the California Association of Realtors, for a standard format to use in making the Transfer Fee Disclosure if you elect to investigate and make this disclosure personally.

How to Determine the Existence of a Transfer Fee. If a Transfer Fee does exist affecting the property, the document creating the fee may be on file with the County Recorder as a notice recorded against the property and should be disclosed in the preliminary title report on the property. However, the preliminary title report will merely disclose the existence of the documents affecting title, not the content of the documents. The title of a document may also not be sufficient to disclose that a transfer fee is included in its terms. Accordingly seller should (a) request the title company which issued the preliminary title report to provide copies of the documents shown as "exceptions" and (b) review each document to determine if it contains a transfer fee.

NOTICE OF YOUR "SUPPLEMENTAL" PROPERTY TAX BILL

California Civil Code 1102.6c, states that the seller, or his or her agent, is responsible for delivering a notice specifying information about supplemental tax assessments:

"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 question concerning this matter, please call your local tax collector's office."

TOXIC MOLD NOTICE (PURSUANT TO THE "TOXIC MOLD PROTECTION ACT OF 2001")

The seller, or lessor of residential, commercial or industrial property; or a public entity that owns, leases, or operates a building should provide a written disclosure to prospective purchasers, prospective tenants, renters, or occupants if the seller, lessor or public entity has knowledge of mold conditions or in specified instances has reasonable cause to believe, that mold (visible or hidden) that exceeds permissible exposure limits is present that affects the unit or building. The State Department of Health Services is designated as the lead agency for identifying, adopting, and determining permissible exposure limits to mold in indoor environments, mold identification and remediation efforts.

PUBLICATIONS PROVIDING INFORMATION ON TOXIC MOLD AVAILABLE ON THE INTERNET:

- Mold in My Home: What Do I Do?
- Stachybotrys Chartarum (atra) - A mold that may be found in water-damaged homes
- Fungi - and Indoor Air Quality
- Health Effects of Toxin-Producing Molds In California
- Mold Remediation in Schools and Commercial Buildings
- Biological Pollutants in Your Home

<https://www.cdph.ca.gov/Programs/CCDC/DEOD/EBL/IAQ/Pages/Mold.aspx>; <https://www.epa.gov/mold/>

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GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES NOTICE

The following notice is provided to the buyer(s) of real property regarding information about the general location of gas and hazardous liquid transmission pipelines.

NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES

This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <https://pvnpmns.phmsa.dot.gov/PublicViewer/>. To seek further information about possible transmission pipelines near the property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

Gas and hazardous liquid pipelines of any size pose a potential risk to life, property and the environment if damaged or punctured. In addition, precise locations of larger gas transmission pipelines are restricted by Federal Homeland Security policies. Additional information relating to other types and sizes of pipelines and other underground utility infrastructures may be available from local pipeline operators such as:

PG&E: <https://www.pge.com/pipelineplanning/>, San Diego Gas & Electric: <https://sdge.com/safety/gas-safety/natural-gas-safety-map>, Sacramento Municipal Utilities District: <https://www.smud.org/en/In-Our-Community/Safety-Tips/Equipment-and-lines>, Southern California Gas: <https://www.socalgas.com/stay-safe/pipeline-and-storage-safety/natural-gas-pipeline-map>. You may want to contact your local utility provider if they are not listed above.

You should also review your Preliminary Title Report for pipelines right-of-way (easements) and further investigate information about pipelines by contacting the owner or operator responsible for the pipelines, consider what factors, if any, are associated with the property's proximity to pipelines, and determine whether the information you receive is acceptable before you purchase. No excavation work should be done before contacting the One-Call Center (811).

FLOOD INSURANCE NOTICE

Floods can have a devastating effect on communities, causing loss of life, property damage, and loss of income, and can have an adverse effect on government functioning. As such, the federal government has designed measures that are intended to aid disaster assistance by encouraging insurance coverage for those properties in flood disaster areas.

In addition to the flood disclosure in the Natural Hazard Disclosure Statement, Federal law {U.S. Code Title 42, Chapter 68, subchapter III, § 5154a(b)(1)} requires a seller, no later than the date on which a property is to be transferred, to notify a buyer of the requirement to purchase and maintain flood insurance, if disaster relief assistance (including a loan assistance payment) has been previously provided on that property and such assistance was conditioned on obtaining flood insurance according to Federal law. If a buyer fails to obtain and maintain flood insurance on a property disclosed to have been in a previous federal disaster area and that received disaster relief assistance, then no Federal disaster relief assistance will be made available should that property subsequently be in a flood disaster area. If a seller fails to notify a buyer of the requirement to purchase and maintain flood insurance because of said property's inclusion in a Federal disaster area and Federal disaster relief assistance was received for that property, and the buyer does not obtain and maintain flood insurance, then should that property be damaged by a flood disaster and receive Federal disaster relief assistance, the seller will be required to reimburse the Federal Government for the amount of that assistance for that property.

State law (SBX17, Chaptered October 10, 1995) also prohibits "state disaster assistance from being provided to a person required to maintain flood insurance by state or federal law, who has canceled or failed to maintain that coverage."

The information contained here is not intended to indicate whether a property has been in a Federal disaster area and has received Federal disaster relief assistance, but merely to indicate an additional flood insurance disclosure requirement related to future disaster relief assistance availability.

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ENERGY EFFICIENCY STANDARDS AND DUCT SEALING REQUIREMENTS NOTICE

The Energy Policy and Conservation Act directs the Department of Energy (DOE) to establish minimum efficiency standards for various products, including central air conditioners and heat pumps. On January 1, 2015, the DOE amended the energy conservation standards for residential central air conditioners and heat pumps manufactured for sale in the United States to be manufactured with an energy rating of 14 SEER (SEER, Seasonal Energy Efficiency Ratio, is the measurement of energy efficiency for the cooling performance of central air conditioners and heat pumps). Homeowners are not required to replace or upgrade existing central air conditioning units or heat pumps to comply with the new standards. Disclosure Source recommends that the potential buyer of the subject property verify the SEER rating of the central air conditioning or heat pump system through a professional such as a home inspector or through the California Home Energy Efficiency Rating Services. This agency, a home energy rating provider, is a non-profit organization that promotes energy efficiency through comprehensive analyses of homes. Additional information may be found at:

https://www.eere.energy.gov/buildings/appliance_standards/residential/central_ac_hp.html or at www.cheers.org

Additionally, beginning October 1, 2005, and with subsequent revisions to the California building energy efficiency standards, the California Energy Commission ("CEC") outlined new duct sealing requirements which require the home's ducts tested for leaks when the central air conditioner or furnace is installed or replaced. Ducts that leak 15 percent or more must be repaired to reduce the leaks. After your contractor tests and fixes the ducts, you need to have an approved third-party field verifier check to make sure the duct testing and sealing was done properly. Duct sealing is generally not required in the following situations: 1) duct systems that are documented to have been previously sealed as confirmed through field verification and diagnostic testing; 2) when systems have less than 40 feet of ductwork in unconditioned spaces like attics, garages, crawlspaces, basements or outside the building, or 3) when ducts are constructed, insulated or sealed with asbestos. There also are specific alternatives that allow high efficiency equipment and added duct insulation to be installed instead of fixing duct leaks. You also should know that any contractor failing to obtain a required building permit and failing to test and repair your ducts is violating the law and exposing you to additional costs and liability. Real estate law requires you to disclose to potential buyers and appraisers whether or not you obtained required permits for work done on your house. If you do not obtain a permit, you may be required to bring your home into compliance with code requirements for that work and you may have to pay penalty permit fees and fines prior to selling your home. According to the CEC, these duct sealing requirements apply when the following are replaced: the air handler, the outdoor condensing unit of a split system air conditioner or heat pump, the cooling or heating coil, or the furnace heat exchanger. Several cities and counties have adopted more stringent building energy standards. You can find a link to the modified standards on the CEC's Local Ordinances page and a list of the cities and counties: <https://www.energy.ca.gov/title24/2019standards/> and <https://www.energy.ca.gov/resources/publications/energy-commission-publications/>. More information may also be found at www.energy.ca.gov/title24/.

GOVERNMENTAL GUIDE: "WHAT IS YOUR HOME ENERGY RATING?" PUBLISHED BY THE CALIFORNIA ENERGY COMMISSION CONTAINING IMPORTANT INFORMATION REGARDING THE CALIFORNIA HOME ENERGY RATING SYSTEM (HERS) PROGRAM. IT IS AVAILABLE FOR DOWNLOAD AT [HTTPS://WWW.DISCLOSURESOURCE.COM/DOWNLOADS_HOMEENERGYRATING.ASPX](https://www.disclosuresource.com/downloads/homeenergyrating.aspx)

WATER-CONSERVING PLUMBING FIXTURE NOTICE

The seller of single-family residential real property built on or before January 1, 1994 shall disclose, in writing, to the prospective buyer that Section 1101.4 of the Civil Code requires that California single-family residences be equipped with water-conserving plumbing fixtures on or before January 1, 2017, and whether the property includes any noncompliant plumbing fixtures as defined in subdivision(c) of Section 1101.3.

Further, on and after January 1, 2019, a seller of multifamily residential real property or of commercial real property built on or before January 1, 1994 shall disclose to the prospective buyer, in writing, that all noncompliant plumbing fixtures in any multifamily residential real property and in any commercial real property shall be replaced with water-conserving plumbing fixtures on or before January 1, 2019, and whether the property includes any noncompliant plumbing fixtures.

For purposes of these requirements, noncompliant plumbing fixtures mean any toilet manufactured to use more than 1.6 gallons of water per flush, any urinal manufactured to use more than one gallon of water per flush, any showerhead manufactured to have a flow capacity of more than 2.5 gallons of water per minute, any interior faucet that emits more than 2.2 gallons of water per minute.

SOLAR ENERGY SYSTEMS NOTICE

On and after January 1, 2018, a seller of residential real property within a common interest development shall disclose to the prospective buyer(s) the existence of any solar energy system owned by the seller and the related responsibilities of the owner according to California Civil Code Section 4746. The owner and each successive owner is required to maintain a homeowner liability coverage policy at all times and to provide the homeowner's association with the corresponding certificate of insurance within 14 days of approval of the application and annually thereafter. The owner and each successive owner of the solar energy system is responsible for the costs of damage to the common area, exclusive use common area, or separate interests resulting from the installation, maintenance, repair, removal, or replacement of the solar energy system. Further, the owner and each successive owner of the solar energy system is responsible for the costs of maintenance, repair, and replacement of the solar energy system until it has been removed and for the restoration of the common area, exclusive use common area, or separate interests after removal. The new owner will be responsible for the same disclosures mentioned above to subsequent buyers.

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REGISTERED SEX OFFENDER DATABASE NOTICE ALSO KNOWN AS "MEGAN'S LAW"

For more than 50 years, California has required sex offenders to register with their local law enforcement agencies. However, information on the whereabouts of these sex offenders was not available to the public until the implementation of the Child Molester Identification Line in July 1995. The information available was further expanded by California's Megan's Law in 1996 (Chapter 908, Stats. of 1996).

Section 2079.10a of the California Civil Code specifies notice be provided to buyer(s) of real property of the existence of a registered sex offender database:

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

The public, excluding those who have registered as sex offenders pursuant to Section 290 of the Penal Code, may search this database by a sex offender's specific name, obtain ZIP Code and city/county listings, obtain detailed personal profile information on each registrant, and use the map application to search a neighborhood or anywhere throughout the State to determine the specific location of any of those registrants on whom the law allows the State of California to display a home address.

In addition, the public may also contact the California Department of Justice, Sex Offender Tracking Program, for information on making an inquiry with the Department concerning at least six individuals as to whether any are required to register as a sex offender and subject to public notification. A fee is assessed for such inquiries, which will be deposited into the Sexual Predator Public Information Account within the Department of Justice. The contact number for the Sex Offender Tracking Program is (916) 227-4974.

METHAMPHETAMINE OR FENTANYL CONTAMINATED PROPERTY NOTICE

California law (Health and Safety Code Section 25400.28) requires property owners to notify prospective buyers in writing of any pending order that would prevent the use or occupancy of a property because of methamphetamine or fentanyl laboratory activity, and to provide the prospective buyer with a copy of the pending order. Receipt of a copy of the pending order shall be acknowledged in writing by the prospective buyer.

The "Methamphetamine or Fentanyl Contaminated Property Cleanup Act," chapter 6.9.1 specifies human occupancy standards for property that is subject to the act. These standards will be replaced by any that are devised by the Department of Toxic Substances Control, in consultation with the Office of Environmental Substances Control. In addition, this Act outlines procedures for local authorities in dealing with methamphetamine or fentanyl contaminated properties, including the use of a property lien. This notice is meant to inform prospective buyers of California disclosure law regarding methamphetamine or fentanyl lab activity, and does not indicate or imply that a particular property is or has been contaminated according to this law.

MILITARY ORDNANCE LOCATION NOTICE

California Civil Code Section §1102.15 states "The seller of residential real property subject to this article who has actual knowledge of any former federal or state ordnance locations within the neighborhood area shall give written notice of that knowledge as soon as practicable before transfer of title."

For purposes of this notice, "former federal or state ordnance locations" means an area identified by an agency or instrumentality of the federal or state government as an area once used for military training purposes, which may contain potentially explosive munitions.

"Neighborhood area" means within one mile of the residential real property.

For more information or to view the location of site(s) near a property, go to:
<https://www.usace.army.mil/Missions/Environmental/FormerlyUsedDefenseSites.aspx>

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CALIFORNIA LAND CONSERVATION (WILLIAMSON) ACT NOTICE

The purpose of the California Land Conservation Act of 1965 (Williamson Act) is to allow local governments and private landowners to enter voluntarily into contracts to restrict the use of parcels of land of no less than 100 acres to agricultural and open space use. The landowner receives compensation for the land use restrictions in the form of reduced property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value.

A Williamson Act contract is initially for a minimum term of ten years but local jurisdictions have the option to increase the initial term up to twenty years. Williamson Act contracts run with the land and are binding on all subsequent landowners. The contract is automatically extended by one year after the tenth and subsequent years unless a request for non-renewal is filed by either party. A request for non-renewal begins a 9 year term during which the tax assessments gradually increase to the full fair market value at which time the contract is terminated. The use of the property will then be controlled by the local jurisdiction's use and zoning laws.

Williamson Act contracts can be canceled only by the landowner's petition; however the minimum penalty for canceling a contract is 12.5 percent of the unrestricted, fair market value of the property. To approve a tentative contract cancellation, a county or city must make specific findings that are supported by substantial evidence. The existence of an opportunity for another use of the property or the uneconomic character of an existing agricultural use shall not, by itself, be a sufficient reason to cancel a contract.

There are penalties for breach of a contract, caused by the owner intentionally using the land for other than agriculture or making the land unusable for the contracted purposes. The penalties for breach of contract are as much as 25% of the unrestricted fair market value of the land rendered incompatible, plus 25% of the value of any building and any related improvements on the contracted land that cause the breach of contract. If a local jurisdiction allows a contract to be canceled and the State determines that there is a breach of contract, the penalties may be reduced, but not to less than 12.5% of the value of the land.

Contact the planning department to obtain information on requirements for entering into a Williamson Act contract and the uses allowed. Local government uniform rules and the specific Williamson Act contract can be more restrictive than the Williamson Act Government Code provisions.

For more information contact the Department of Conservation, Division of Land Resource Protection at 916-324-0850 or visit its website <https://www.conservation.ca.gov/dlrp/lca>.

MUDSLIDE / DEBRIS FLOW ADVISORY

Wildfires dramatically alter the terrain and ground conditions. Post wildfire rainstorms can produce dangerous flash floods, mudslides, and debris flows. These events are a threat to property located within or along an area which has experienced a recent wildfire.

This advisory is provided to simply inform you about the US Geologic Survey's maps that estimate the probability and volume of debris flow that may be produced by a storm in a recently burned area. They are available at:

[www.usgs.gov/natural-hazards/landslide-hazards/science/emergency-assessment-post-fire-debris-flow-hazards?](http://www.usgs.gov/natural-hazards/landslide-hazards/science/emergency-assessment-post-fire-debris-flow-hazards?at-science-center-objects=0#at-science-center-objects)

[at-science-center-objects=0#at-science-center-objects](http://www.usgs.gov/natural-hazards/landslide-hazards/science/emergency-assessment-post-fire-debris-flow-hazards?at-science-center-objects=0#at-science-center-objects)

There may be additional or updated maps and resources available. To seek further information about possible mudslide and debris flow areas that may affect the property, contact the County Planning Department.

OIL, GAS WELLS & METHANE ADVISORY

California's oil and gas production has been in decline since the 1980's and wells, many of which were drilled at the turn of the past century, have been shut down or improperly abandoned. Such wells are often found when they begin to leak oil, natural gas (methane), or water. Building construction in the past several years has expanded into areas where wells were once, or are, active. Buyer should be aware that wells may exist on or near any property and new construction may also be restricted in the vicinity of wells. The California Division of Oil, Gas and Geothermal Resources administers the program to properly abandon wells. Abandoned or active oil wells, areas containing petroleum deposits, oil fields, landfills, and gas storage facilities could present risks and safety hazards to life, health, and natural resources. Risks could include, but are not limited to, soil and ground water contamination, physical safety hazards to humans and animals, fire hazards, oil and methane seeps, and air quality problems.

Migration of methane gas into areas containing impermeable surfaces (i.e. concrete, pavement, basements, etc.) can trap the gas, resulting in the accumulation of high concentrations. Although natural methane gas is relatively harmless, high concentrations of it can be hazardous due to its highly combustible chemical composition, as well as its ability to displace oxygen. Properties located in a methane zone may be required to undergo testing and mitigation. Disclosure Source recommends that the buyer contact the local Planning, Building and Safety Department to ascertain what previous measures, if any, might have been taken to properly vent the area and what considerations might apply regarding building permits or renovations. For more information and maps visit

<https://www.conservation.ca.gov/CalGEM>.

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HABITAT SENSITIVITY AREA / ENDANGERED SPECIES ADVISORY

The California Endangered Species Act, Fish and Game Code, section 2051, states that there are certain species of fish, wildlife and plants that are in danger of, or threatened with, extinction because their habitats are being threatened, destroyed or adversely modified. Legislation declares that landowner cooperation is essential for conservation on those lands that have been identified as a habitat for endangered or threatened species. According to Section 2052.1 of the Fish and Game Code, if a person needs to address mitigation measures in relation to a particular impact on a threatened species, then those measures will be roughly proportional to the impact that the person has on those species. Disclosure Source recommends the buyer contact the local planning department and the California Department of Fish & Wildlife to ascertain what, if any, considerations might be involved as a result of being in or nearby habitat sensitive areas. Additional information is available at <https://www.wildlife.ca.gov/Conservation/CESA>.

NATURALLY OCCURRING ASBESTOS ADVISORY

Asbestos is the common name for a group of silicate minerals that are made of thin, strong fibers. It occurs naturally in certain geologic settings in California, most commonly in ultrabasic and ultramafic rock, including serpentine rock. These rocks are commonly found in the Sierra Foothills, the Klamath Mountains, Coast Ranges, and along some faults. While asbestos is more likely found in these rock formations, its presence is not certain. Because asbestos is a mineral, asbestos fibers are generally stable in the natural environment. The fibers will not evaporate into the air. Some naturally occurring asbestos can become friable, or crushed into a powder. This may occur when vehicles drive over unpaved roads or driveways that are surfaced with ultrabasic, ultramafic or serpentine rock, when land is graded for building purposes, or at quarrying operations. Weathering and erosion may also naturally release asbestos. Friable asbestos can become suspended in the air, and under these conditions, asbestos fibers represent a significant risk to human health. Asbestos is a known carcinogen, and inhalation of asbestos may result in the development of lung cancer. Disclosure Source recommends that the buyer visit this website for further information and maps at: https://www.atsdr.cdc.gov/noa/docs/Asbestos-FAQ_ENG_web.pdf

RADON ADVISORY

Radon is a colorless, odorless radioactive gas that is produced by the natural decay of uranium, which is found in nearly all soils and rocks. Radon can seep from the ground into the air in a property through openings in the ground, and its presence increases the risk of lung cancer. Radon levels are variable and may be influenced by not only geology, but also soil permeability, weather and climatic conditions, building design, condition and usage. The Environmental Protection Agency (EPA) has produced a map that assigns one of three zone designations to each county based on radon potential and each zone designation reflects the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon control methods. That map is not meant to be used to determine whether a particular property should be tested for radon, but is used to assist various government agencies and organizations in focusing their radon program resources. Properties with high levels of radon have been found in all zones. Long-term (up to one year) measurement is generally recommended for the most accurate determination of radon levels. Radon testing is affordable and easily done. Test kits are available at the California Department of Public Health website at <https://www.cdph.ca.gov/Programs/CEH/DRSEM/Pages/EMB/Radon/Radon-Testing.aspx>.

The EPA recommends all structures should be tested for radon, regardless of geographic location or zone determination. If the radon level is greater than 4 picoCuries per Liter of air (pCi/L), the EPA suggests remediation. Additionally, the California Department of Conservation outlines Radon Zone areas where geologic conditions are likely to produce high, moderate, or low potential indoor radon levels above 4 pCi/L. Those maps are available at <https://www.epa.gov/radon/radon-frequently-asked-questions>.

GOVERNMENTAL GUIDES: "RESIDENTIAL ENVIRONMENTAL HAZARDS: A GUIDE FOR HOMEOWNERS, HOMEBUYERS, LANDLORDS AND TENANTS"; "PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME" PUBLISHED BY THE ENVIRONMENTAL PROTECTION AGENCY CONTAINING IMPORTANT INFORMATION REGARDING ENVIRONMENTAL HAZARDS LOCATED ON AND AFFECTING RESIDENTIAL PROPERTY. AVAILABLE FOR DOWNLOAD AT [HTTPS://WWW.DISCLOSURESOURCE.COM/DOWNLOADS.ASPX](https://www.disclosuresource.com/downloads.aspx) AND [HTTPS://WWW.DISCLOSURESOURCE.COM/DOWNLOADS_LEAD.ASPX](https://www.disclosuresource.com/downloads_lead.aspx)

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DISCLAIMERS

ACCEPTANCE OR USE OF THIS REPORT BY ANY PERSON CONSTITUTES AN AGREEMENT TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS, AND LIMITATIONS OF LIABILITY, STATED HEREIN.

THIS AGREEMENT TO BE BOUND BY THESE TERMS AND CONDITIONS, AND LIMITATIONS ON LIABILITY, IS MADE REGARDLESS OF WHETHER THE PERSON ACCEPTING OR USING THE REPORT PAID FOR, OR ORDERED, THE REPORT.

THIS REPORT IS NOT A WARRANTY OR A POLICY OF INSURANCE

TERMS AND CONDITIONS

1. Recipient(s) Defined

"Recipient(s)" shall mean and refer to transferor(s)/seller(s), transferee(s)/buyer(s), and their respective agent(s)/broker(s) who access a copy of this Report.

2. Report Defined

"Report" shall mean and refer to any disclosure Report prepared by Disclosure Source and made available to the Recipient(s), whether the Report is provided as a hard copy, via email, or accessed via <https://www.DisclosureSource.com>.

3. No Third Party Reliance

The information contained in this Report is intended for the exclusive benefit and use of the Recipient(s). No person other than the Recipient(s) should rely upon, refer to, or use this Report, or any information contained within this Report, for any purpose. Disclosure Source expressly disclaims all liability, including liability for breach of contract and negligence, to persons other than Recipient(s). The disclosures contained in this Report "shall not be used by any other party, including, but not limited to, insurance companies, lenders, or governmental agencies, for any purpose." California Civil Code section 1103.2(g).

4. Seller's and Seller's Agent's Independent Disclosure Obligations

Seller(s) and their agent(s) are independently required to make certain statutory disclosures of all material facts about the subject property within their actual knowledge. This Report does not alter, change, impact, affect, or replace seller or seller's agent's independent disclosure obligations. Disclosure Source acknowledges that there may be other disclosures required under applicable state law and/or within seller's and seller's agent's actual knowledge, and Disclosure Source makes no representations as to the adequacy or accuracy of any other representations or disclosures made under applicable state law.

5. Explanation of Services and Limitations

Statutory and Local/Supplemental Disclosures, Notices and Advisories

The purpose of the Disclosure Report is to assist the Recipient(s) in notifying the prospective buyer whether the property is located in any of six statutorily defined natural hazard areas. Disclosure Source has also obtained maps that are both official and publicly available from city, county, and state sources which supplement this natural hazard information.

Disclosure Source is also providing disclosures, notices and advisories on potentially hazardous conditions or occurrences that may affect the subject property. These additional disclosures, notices and advisories are either required by the California Civil Code, local ordinance, or the information is readily available. Disclosure Source recommends contacting the local building and planning departments prior to the transfer to help ascertain, what, if any, additional requirements there might be for construction or renovation, and building code requirements for this property. Disclosure Source has not performed a visual or physical inspection of the property. This Report is not a substitute for a visual or physical inspection of the property or a geologic or engineering study. Disclosure Source assumes no responsibility for any costs or consequences, direct or indirect, arising due to the need, or the lack of need, for earthquake insurance, fire insurance or flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

In order to prepare this Report, either the seller (or his/her agent) or the buyer (or his/her agent) supplied Disclosure Source with the Assessor's Parcel Number ("APN") or Tract and Lot numbers, or the building and/or unit numbers, or a Project site plan for the subject property. Disclosure Source has not verified the accuracy of the APN, or Tract and Lot numbers, or the building and/or unit numbers, or the project site plan. This Report was prepared based upon such APN or Tract and Lot numbers, or the building and/or unit numbers, or the Project site plan, and shall not, and does not, include any property beyond the boundaries of the subject property, including but not limited to, any common interest areas, structures (whether located on the subject property, or not), easements, or any right, title, interest, estate, or easement in any abutting streets, roads, alleys, lanes, ways, or waterways.

Disclosure Source shall not be responsible or liable for any losses, liabilities or damages resulting from an incorrect APN or Tract and Lot numbers, or the building and/or unit numbers, or a Project site plan. No determination is made and no opinion is expressed, or intended, by this Report concerning whether the subject property is comprised of legal lots in conformance with the California Subdivision Map Act. If the subject property is part of a condominium project,

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planned unit development, or other properties with a common or undivided interest area, the Report may indicate that the subject property is within the natural hazard zone if any portion of the common or undivided interest area is within the reported natural hazard zone. In preparing this Report, Disclosure Source has reviewed and relied upon the statutes identified and has reviewed the records referred to in each determination.

6. Notice to Recipient(s)

Disclosure Source provides the Report for the benefit of all Recipient(s). Disclosure Source considers Recipient(s) to be a contracting party who is subject to the explanation of services, conditions, limitations and disclaimers herein, and by signing the Report, Recipient(s) expressly agrees to receive the services, and be bound by the conditions, limitations and disclaimers herein. This Report is for the exclusive benefit of the Recipient(s). There shall be no third party beneficiaries, and the Report may not be used in any subsequent transaction affecting the subject property or for any other real property.

7. Limitation of Liability

(a) Disclosure Source has prepared this Report solely based upon records and information provided by various governmental and private agencies. Although reasonable care has been exercised by Disclosure Source in compiling the data and information contained in the Report, Disclosure Source has assumed that these records and information are accurate and complete, and Disclosure Source has not conducted any independent verification of their accuracy or completeness. Disclosure Source shall not be liable to Recipient(s) for errors, inaccuracies or omissions in this Report if such errors, inaccuracies or omissions were based upon information contained in the public and private records used by Disclosure Source, or were known to exist by Recipient(s) on the date of delivery of this Report to Recipient(s).

(b) Disclosure Source expressly excludes from liability any disclosures or information (i) not known to Disclosure Source, (ii) not on the maps used by Disclosure Source, (iii) not recorded in the public record as of the date it was reviewed by Disclosure Source, (iv) not included in the categories included in the Disclosure Report, (v) which would be discovered by a physical inspection of the property, (vi) known to any Recipient prior to receipt of the Report, and/or (vii) regarding the health or risk to any humans or other living things which may be associated in way with any of the disclosed hazards.

(c) Disclosure Source is not responsible or liable for the costs of investigating or remediating any of the disclosed hazards.

(d) Disclosure Source shall not be liable for any damages resulting from a Recipient's inability to access the Report.

(e) Any website or hyperlink contained in the Report is provided for informational purposes only, and Disclosure Source is not responsible for the accuracy of any information available from or through any referenced website or hyperlink.

(f) Disclosure Source liability for any claim, or claims, including but not limited to any claim for breach of contract or negligence, is limited to actual proven damages as a result of an error or omission in the Report and shall be measured by the difference between the amount paid for the property and the fair market value of the property as of the date of the Report, if and only if such difference is caused by the error or omission.

(g) Disclosure Source shall not be liable for any incidental damages, consequential damages, special damages, indirect damages, or lost profits suffered by Recipient(s).

8. Report Is Not For Credit Purposes

The information collected and disclosed in the Report is not indicative of any person's credit worthiness, credit standing, credit score, credit capacity or any other characteristics listed in Section 1681(a) of the Fair Credit Reporting Act ("FCRA"). The Report shall not be used in any way, or for any purpose, or in any manner that would cause the Report to be construed as a "consumer report" under the FCRA or any similar State or Federal statute, rule, law or regulation.

9. Change in Information

This Report is an "AS IS" Report. Updates to the databases used in this Report are determined by the responsible agency and may be made at any time and without notice. For that reason, Disclosure Source maintains an update schedule and makes reasonable efforts to use updated information. The complexities of obtaining and adapting the data into a usable format for preparing this Report necessitate some delay once the updated information is obtained; therefore the Report may be considered accurate only as of the date when the database was last reviewed and implemented by Disclosure Source. Subsequent to Disclosure Source's acquisition of government records, changes may be made to said government records and Disclosure Source shall have no obligation to update the Report or to communicate to any Recipient(s), or any other person, any changes, acts, occurrences, circumstances or agreements occurring after the date of the Report, which render inaccurate anything contained in the Report. Disclosure Source may at its sole discretion supplement the Report. The determinations made in the Report are time-sensitive. Disclosure Source shall not be liable for any impact on the Property, or the value thereof, that any change to the government records may have. Disclosure Source is under no duty to update this Report when or if new information is released or becomes available.

10. Notice of Claim

Recipient(s) must promptly notify Disclosure Source in writing of any error or omission, and give Disclosure Source an opportunity to correct such error and omission. All notices and claims shall be addressed to Disclosure Source, Claims Department, 1850 Gateway Blvd, # 400, Concord, CA 94520. Any claim must be given promptly in writing when knowledge is acquired by any Claimant of any information which is contrary to the Disclosure Report. If a written claim notice is not given promptly to Disclosure Source, all liability of Disclosure Source shall terminate with regard to the matters for which a prompt claim notice is required but only to the extent that the failure to give prompt written notice has prejudiced Disclosure Source.

11. Governing Law

These Terms and Conditions, and any Recipient's use of the Report, shall be governed by, and construed in accordance with, the laws of the State of California.

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12. Resolution of Disputes (Arbitration or Small Claims)

MANDATORY ARBITRATION. 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.**

Any claim, dispute or controversy, pursuant to contract or tort law, or otherwise, arising out of or relating to this Agreement, the Report, its issuance, its contents, the disclosures, a breach of the Agreement, any controversy or claim arising out of the transaction giving rise to this Agreement, or the relationships among the parties hereto ("Claim"), shall be resolved by one arbitrator through binding arbitration administered by the American Arbitration Association ("AAA"), under the AAA Consumer Rules in effect at the time the Claim is filed ("AAA Rules"). Copies of AAA Rules and forms can be located at www.adr.org, or by calling 1-800-778-7879.

The arbitration will take place in the same county in which the property is located. The arbitrator's decision shall be final, binding, and non-appealable. Judgment upon the award may be entered and enforced in *any* court having jurisdiction. This clause is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act. By receiving this Report, and entering into this Agreement, the parties acknowledge that they are giving up the right to a jury trial, and the right to participate in any class action, private attorney general action, or other representative or consolidated action, including any class arbitration or consolidated arbitration proceeding. Neither party shall sue the other party other than as provided herein or for enforcement of this clause or of the arbitrator's award: any such suit may be brought only in Federal District Court for the District or, if any such court lacks jurisdiction, in *any* state court that has jurisdiction. The arbitrator, and not any federal, state, or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this agreement to arbitrate, including *any* claim that all or *any* part of the Terms and Conditions, including this agreement to arbitrate, is void or voidable. However, the preceding sentence shall not apply to the clause entitled "Class Action Waiver."

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.

CLASS ACTION WAIVER. Any Claim must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("Class Action"). The parties expressly waive any ability to maintain any Class Action in *any* forum. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action nor make an award to *any* person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator.

13. Severability

In the event any provision of this Disclosure Report is held invalid or unenforceable under applicable law, this Disclosure Report shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

14. Complete Agreement

These Terms and Conditions constitute the single and entire integrated agreement between Disclosure Source and the Recipient(s), and supersede and replace all prior statements, representations, discussions, negotiations and agreements.