

Department of Real Estate
of the
State of California

FINAL SUBDIVISION PUBLIC REPORT

In the matter of the application of

CITY VIEW TERRACES,
a California Limited Partnership

FILE NO.: 070809LA-A01

ISSUED: FEBRUARY 08, 1994

AMENDED: SEPTEMBER 23, 1997

EXPIRES: FEBRUARY 07, 1999

for a Final Subdivision Public Report on

TRACT NO. 50779
CITY VIEW TERRACES, PHASE 2

LOS ANGELES COUNTY, CALIFORNIA

JIM ANTT, JR.

Real Estate Commissioner

by 
Deputy Commissioner

CONSUMER INFORMATION

- ◆ **THIS REPORT IS NOT A RECOMMENDATION OR ENDORSEMENT OF THE SUBDIVISION; IT IS INFORMATIVE ONLY.**
- ◆ **BUYER OR LESSEE MUST SIGN THAT (S)HE HAS RECEIVED AND READ THIS REPORT.**
- ◆ **A copy of this subdivision public report along with a statement advising that a copy of the public report may be obtained from the owner, subdivider, or agent at any time, upon oral or written request, must be posted in a conspicuous place at any office where sales or leases or offers to sell or lease interests in this subdivision are regularly made. [Reference Business and Professions (B&P) Code Section 11018.1(b)]**

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

Section 12920 of the California Government Code provides that the practice of discrimination in housing accommodations on the basis of race, color, religion, sex, marital status, national origin, physical handicap or ancestry, is against public policy.

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

READ THE ENTIRE REPORT ON THE FOLLOWING PAGES BEFORE CONTRACTING TO BUY OR LEASE AN INTEREST IN THIS SUBDIVISION.

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

A homeowner association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this development. The association also provides a means to accomplish architectural control and to provide a base for homeowner interaction on a variety of issues. The purchaser of an interest in a common-interest development

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

Subdivider Control

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

Cooperative Living

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

RE 646 (Rev. 4/95)

SPECIAL NOTES

1. IF YOU HAVE RECEIVED A PRELIMINARY PUBLIC REPORT FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT FROM THAT INCLUDED IN THE PRELIMINARY REPORT.
2. THIS PROJECT IS A COMMON INTEREST SUBDIVISION OF THE TYPE REFERRED TO AS A CONDOMINIUM. IT WILL BE OPERATED BY AN INCORPORATED OWNERS ASSOCIATION.
3. THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS AND OTHER PURPOSES. YOUR CONTROL OF OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.
4. SINCE THE COMMON PROPERTY AND FACILITIES WILL BE MAINTAINED BY AN ASSOCIATION OF HOMEOWNERS, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE HOMEOWNER ASSOCIATION MUST HOLD THE FIRST ELECTION OF THE ASSOCIATION'S GOVERNING BODY (LESS THAN 50 UNITS) WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION (MORE THAN 50 UNITS) WITHIN 45 DAYS AFTER 51% SELL OUT OF THE INTERESTS AUTHORIZED FOR SALE UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION. HOWEVER, BUT IN NO EVENT SHALL THE MEETING BE HELD LATER THAN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST. (REGULATIONS 2792.17 AND 2792.19). THE HOMEOWNER ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 1365.5 OF THE CIVIL CODE. (REGULATION 2792.22)
5. THE SUBDIVIDER HAS POSTED A BOND IN THE AMOUNT OF \$491,743.00 TO ASSURE COMPLETION OF THE COMMON AREA FACILITIES (EXCLUSIVE OF RESIDENTIAL BUILDINGS) DESCRIBED IN THE PLANNED CONSTRUCTION STATEMENT ATTACHED TO THE SECURITY. THE ESTIMATED COMPLETION DATE FOR THESE IMPROVEMENTS IS JULY, 1998.
6. THE SUBDIVIDER ADVISES THAT NO ESCROWS WILL CLOSE UNTIL ALL COMMON FACILITIES, IMPROVEMENTS, LANDSCAPING, AND ALL STRUCTURES HAVE BEEN COMPLETED; A NOTICE OF COMPLETION HAS BEEN FILED AND ALL CLAIM OF LIENS HAS EXPIRED OR A TITLE POLICY IS ISSUED TO EACH PURCHASER AND TO THE ASSOCIATION CONTAINING AN ENDORSEMENT AGAINST ALL CLAIM OF LIENS. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE).
7. THE SUBDIVIDER MUST PAY ASSESSMENTS TO THE HOMEOWNERS ASSOCIATION FOR ALL UNSOLD UNITS. THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER SUBDIVIDER CLOSES THE FIRST SALE OF A UNIT IN THIS PROJECT. (REGULATIONS 2792.9 AND 2792.16).

8. THE SUBDIVIDER MUST PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, RESTRICTIONS AND BYLAWS, BY FURNISHING YOU COPIES PRIOR TO CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A UNIT. (SECTION 11018.6 OF THE BUSINESS AND PROFESSIONS CODE).
9. THE SUBDIVIDER STATED HE WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE HOMEOWNERS ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE APPROVED ASSOCIATION BUDGET AND THE CONDOMINIUM PLAN.
10. THE SUBDIVIDER HAS INDICATED THAT HE INTENDS TO SELL ALL OF THE UNITS IN THIS PROJECT; HOWEVER, ANY OWNER, INCLUDING THE SUBDIVIDER, HAS A LEGAL RIGHT TO LEASE THE UNITS.
11. IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS (UNITS) FROM THE SUBDIVIDER, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.
12. IF YOUR PURCHASE INVOLVES USE OF THE CENTURY FREEWAY HOUSING PROGRAM, STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT ("HCD") PACKAGE, THE "HCD" HAS THE RIGHT TO REPURCHASE THE PROPERTY FROM YOU UNDER THE FOLLOWING TERMS AND CONDITIONS:
 - A. BUYER GIVES NOTICE TO "HCD" OF INTENT TO SELL UNDER THE RIGHT TO PURCHASE AGREEMENT ("RTPA").
 - B. "HCD" MUST NOTIFY BUYER OF ITS INTENT TO PURCHASE, AT THE "HCD" PURCHASE PRICE, WITHIN 60 DAYS OF RECEIPT OF BUYERS NOTICE.
 - C. "HCD" MUST CLOSE ESCROW ON THE PROPERTY WITHIN 120 DAYS FROM THE DATE OF ACCEPTANCE BY "HCD".
 - D. IN THE EVENT "HCD" FAILS TO NOTIFY BUYER OF INTENT TO PURCHASE WITHIN ABOVE TIME PERIOD, BUYER IS FREE TO SELL PROPERTY IN AN ARMS-LENGTH TRANSACTION AT MARKET VALUE, FREE OF THE LIEN OF THE "RTPA".
13. WARNING: WHEN YOU SELL YOUR CONDOMINIUM UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEY'S FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS ON THE UNIT AS OF THE DATE THE STATEMENT WAS ISSUED.

NOTE: IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 --- PLUS ATTORNEY'S FEES AND DAMAGES (SEE CIVIL CODE SECTION 1368).

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

INTERESTS TO BE CONVEYED: You will receive fee title to a specified unit, together with an undivided fractional fee interest as a tenant in common in Module B, as shown on the recorded Condominium Plan, together with a membership in the "City View Terrace Condominium Homeowners' Association" and rights to use the Association Property.

LOCATION AND SIZE: This subdivision is located at Baldwin Street within the city limits of Los Angeles, California. Prospective purchasers should acquaint themselves with the kinds of city services available.

Residential buildings, Buildings 1, 2, 3, 4 and 5 have been constructed in this phase of the condominium project. They contain 19 units.

Nine (9) additional buildings containing a total of 57 units are planned for future construction on this lot. The subdivider states the anticipated completion dates are as follows:

	Building Numbers	# of Units	Completion Date
Phase 2	1, 2, 3, 4 and 5	19	Completed
Phase 3	10, 11, 12, 13 & 14	31	July, 1998
Phase 4	6, 7, 8 and 9	26	July, 1998

The subdivider has not provided any guarantees to the homeowners association for construction of Building Numbers 6 through 14, inclusive.

There is no assurance that these building(s) will be completed as scheduled or will ever be constructed.

The subdivider has posted a bond in the amount of \$491,743.00 to assure completion of all common area located outside the residential buildings on this lot consisting of asphalt drives, landscape/irrigation, pool and spa, concrete walkways, lighting, fencing and signage.

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

MANAGEMENT AND OPERATION: The City View Terrace Condominium Homeowners' Association, of which you become a member at time of purchase, manages and operates the common area(s) in accordance with the Restrictions, Articles of Incorporation and the Bylaws.

The subdivider has entered into a Management Agreement with the Homeowners Association to manage and operate the common area(s) in accordance with the Restrictions, Articles of Incorporation and the Bylaws. The sole compensation that the subdivider shall be entitled to receive for all services performed under this agreement shall be a fee payable monthly in an amount equivalent to the figure reflected in the budget which has been reviewed and approved by the Department of Real Estate.

The Management Agreement shall be in effect for a term of one (1) year from the date of execution. At the end of the initial term, the agreement may be amended by written agreement of the parties for successive one-year terms.

The Management Agreement may be terminated by mutual consent or unilaterally by either party, with cause and without payment of a termination fee upon thirty (30) days prior written notice, or without cause and without payment of a termination fee upon ninety (90) days prior written notice.

MAINTENANCE AND OPERATIONAL EXPENSES: The subdivider has submitted budgets for the maintenance and operation of the common areas and for long-term reserves when the subdivision is substantially completed (built-out budget) and an interim budget applicable to this phase. These budgets were reviewed by the Department of Real Estate in September, 1997. You should obtain copies of these budgets from the subdivider.

Under the built-out budget, the monthly assessment against each subdivision interest ranges from \$124.64 to \$170.47. The association may or may not elect to use this budget when additional phases are annexed. Under the interim budget the monthly assessments per interest ranges from \$144.81 to \$190.40. Of these amounts, the monthly contributions towards long-term reserves, which are not to be used to pay for current operating expenses are \$23.22 and \$29.36, respectively.

According to the subdivider, assessments under the interim budget should be sufficient for proper maintenance and operation of the common areas until the development is completed; at which time it may be anticipated that assessments will be adjusted.

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

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

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

Monthly assessments will commence on all units in this phase on the first day of the month following the conveyance of the first subdivision interest in this phase.

The remedies available to the Association against owners who are delinquent in the payment of assessments are set forth in the Restrictions. These remedies are available against the subdivider as well as against other owners.

The subdivider has posted a bond as partial security for the obligation to pay these assessments. The governing body of the Association should assure itself that the subdivider has satisfied these obligations to the Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

The subdivider has entered into an agreement with the homeowners association to subsidize. Declarant wishes to subsidize a portion of the Annual Assessments until enough units become subject to assessment to alleviate the burden upon the owners of units in the initial phases of development.

The subsidy term shall commence on the first day of the first calendar month following the close of escrow in Phase 1 of the project, and shall continue until terminated.

The subsidy term shall terminate upon the first to occur of the following dates:

- (a) The date which is twelve (12) months after the date of the first close of escrow in Phase 1; or
- (b) The date of which annual assessments commence in Phase 4 of the project; or
- (c) The date which is the end of the subsidy term extended in accordance with the Subsidy Agreement.

After subdivider has lost voting control of the association, the subdivider and the association may terminate the subsidy term by executing a writing terminating subdivider's obligations under the Subsidy Agreement.

During the subsidy term the subdivider shall pay directly to the homeowners association each month a subsidy for every unit which is not owned by the subdivider, and is located in a phase of development in which at least one close of escrow has occurred.

The amount of the subsidy for each unit each month shall be equal to the difference between (i) the amount of the annual assessment for each unit listed in the budgets for Phase one, two and three and (ii) the amount of the annual assessment for each unit listed in the budget for phase four.

The subdivider has posted a bond as partial security for the obligation to pay these subsidy assessments. The governing body of the association should assure itself that the subdivider has satisfied these obligations to the association with respect to the payment of subsidy assessments before agreeing to release or exoneration of the security.

The subdivider has also entered into a Maintenance Agreement with the homeowners association to maintain and operate the property in a manner consistent with the budget during the term of the Maintenance Agreement. Maintenance shall include without limitation: (a) management services, (b) insurance, (c) common facilities, (d) landscaping, (e) private streets, (f) reserves and (g) other

services as contemplated by the budget, including payment thereof, provided, the subdivider's monetary obligation shall in no event be greater than the amount for which it would be responsible had it been paying assessments for unsold units.

During the term of the Maintenance Agreement the subdivider shall not be responsible for the payment of regular assessments; provided that the subdivider shall pay to the association monthly an amount covering reserves as provided in the approved budget for unsold units which would be subject to assessment.

The term of the Maintenance Agreement shall commence on the sale date and shall terminate on the first day of the seventh (7th) month following the month in which such sale date occurs. The term of the Maintenance Agreement may be extended for an additional six (6) month periods.

The subdivider has posted a bond as partial security for the obligation to pay these Maintenance Agreement assessments. The governing body of the association should assure itself that the subdivider has satisfied these obligations to the association with respect to the payment of these maintenance agreement assessments before agreeing to a release or exoneration of the security.

"START-UP" MONEY: (Initial Capital Contribution) In addition to assessments, purchasers must make an Initial Capital Contribution to the Association in order for the Association to have sufficient "start-up" funds for operating the common areas. Prior to the close of escrow, each purchaser must deposit the total of two (2) months assessments into escrow for each unit purchased. This amount will be submitted to the homeowners association upon the close of each individual escrow. The amount represents the purchaser's Initial Capital Contribution and is not a prepayment of assessments or part of the purchase price of the unit.

The subdivider has posted a bond as partial security for the obligation to pay these Capital Contribution assessments. The governing body of the association should assure itself that the subdivider has satisfied these obligations to the association with respect to the payment of these capital contribution assessments before agreeing to a release or exoneration of the security.

EASEMENTS: Easements for utilities and other purposes are shown on the Title Report and Subdivision Map recorded in the Office of the Los Angeles County Recorder, Book 1202 of Maps, Pages 3 and 4 and the Amended and Restated Condominium Plan, Phase II recorded as Instrument No. 96-296191 on February 23, 1996.

RESTRICTIONS: This subdivision is subject to Restrictions recorded in the Office of the Los Angeles County Recorder on December 3, 1993, Instrument No. 93-2370006, First Amendment recorded October 5, 1995, Instrument No. 95-1614316, Second Amendment recorded August 21, 1997, Instrument No. 97-1303031 and Declaration of Annexation recorded in the Office of the Los Angeles County Recorder on March 11, 1996, Instrument No. 96-387744.

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

HAZARDS: The following hazards exist within or near this subdivision:

Southern Pacific Railroad tracks are located approximately 3/8 mile East of the property.

Interstate 710 (Long Beach Freeway) is located approximately 2 miles East of the property.

Lincoln Park Lake is located approximately 1/8 miles South of the property.

Southern Pacific Transportation Railroad tracks are located approximately 1/4 mile South of the property.

Interstate 10 (San Bernardino Freeway) is located approximately 1-1/8 miles South of the property.

Southern Pacific Transportation Center is located approximately 1-1/8 miles Southwest of the property.

Mail Jail is located approximately 1-7/8 miles Southwest of the property.

Interstate 5 (Golden State Freeway) is located approximately 1 mile West of the property.

Los Angeles River is located approximately 1-3/8 miles West of the property.

Atchison, Topeka & Santa Fe Railroad tracks are located approximately 1-1/8 miles Northwest of the property.

Arroyo Seco Channel is located approximately 1-1/8 miles Northwest of the property.

State Highway 110 (Pasadena Freeway) is located approximately 1-1/4 miles Northwest of the property.

Elysian Reservoir is located approximately 1-3/4 miles Northwest of the property.

Ascot Reservoir is located approximately 5/8 mile Northeast of the property.

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

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

CONDITIONS OF SALE: Pursuant to Civil Code Section 2956 through 2967, inclusive, subdividers and purchasers must make certain written disclosures regarding financing terms and related information. The subdivider will advise purchasers of disclosures needed from them, if any.

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

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

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

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

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

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

THE SUBDIVIDER MAY ASSIST YOU IN ARRANGING FINANCING FROM A FEDERAL OR STATE REGULATED LENDER WHICH WILL MAKE LOANS THAT ALLOW THE INTEREST RATES TO CHANGE OVER THE LIFE OF THE LOAN. AN INTEREST RATE INCREASE ORDINARILY CAUSES AN INCREASE IN THE MONTHLY PAYMENT THAT YOU MAKE TO THE LENDER. THE LENDER WILL PROVIDE YOU WITH A DISCLOSURE FORM ABOUT THE FINANCING TO ASSIST YOU IN THE EVALUATION OF YOUR ABILITY TO MAKE INCREASED PAYMENTS DURING THE TERM OF THE LOAN. THIS DISCLOSURE FORM WILL BE FURNISHED TO YOU AT THE TIME YOU RECEIVE YOUR LOAN APPLICATION AND BEFORE YOU PAY A NONREFUNDABLE FEE.

BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY
UNDERSTAND ALL LOAN DOCUMENTS.

PURCHASE MONEY HANDLING: The subdivider must impound all funds received from you in an escrow depository until legal title is delivered to you. [Refer to Sections 11013, 11013.1 and 11013.2(a) of the Business and Professions Code].

If the escrow has not closed on your unit within one (1) year of the date of your deposit receipt, you may request return of your deposit.

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

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

SOILS CONDITIONS: Soils information is available at the Los Angeles Building & Safety Grading Department, 200 N. Spring Street, Los Angeles, California 90012.

GEOLOGIC CONDITIONS: THE UNIFORM BUILDING CODE, CHAPTER 70, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION OR SUBSIDENCE. THIS SUBDIVISION IS LOCATED IN AN AREA WHERE SOME OF THESE HAZARDS MAY EXIST. SOME CALIFORNIA COUNTIES AND CITIES HAVE ADOPTED ORDINANCES THAT MAY OR MAY NOT BE AS EFFECTIVE IN THE CONTROL OF GRADING AND SITE PREPARATION.

PURCHASERS MAY DISCUSS WITH THE DEVELOPER, THE DEVELOPER'S ENGINEER, THE ENGINEERING GEOLOGIST AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS MAY HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH CHAPTER 70 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THIS SUBDIVISION.

WATER: The Los Angeles Department of Water & Power advises that it will supply water service to each unit.

SCHOOLS: The project is located within the Los Angeles Unified School District. This District advises the schools initially available to this subdivision are:

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|----|--------------------------|--|
| 1. | Elementary School (K-6): | Gates Street School
333 Manitou Avenue
Los Angeles, CA 90031 |
| 2. | Middle School (7-9): | El Sereno Middle School
2839 N. Eastern Avenue
Los Angeles, CA 90032 |
| 3. | High School (10-12): | Lincoln High School
3501 N. Broadway
Los Angeles, CA 90031 |

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

If you need clarification as to the statements in this Public Report or if you desire to make arrangements to review the documents submitted by the subdivider which the Department of Real Estate used in preparing this Public Report, you may call (213) 620-7200.