

DEPARTMENT OF REAL ESTATE
OF THE
STATE OF CALIFORNIA

In the matter of the application of
PONDEROSA HOMES,
A California General Partnership

for a Final Subdivision Public Report on

TRACT NO. 9364
PARK PLACE
ORANGE COUNTY, CALIFORNIA

FINAL SUBDIVISION
PUBLIC REPORT

FILE NO. 45588

ISSUED: OCTOBER 18, 1979

2ND AMENDED: APRIL 17, 1980

EXPIRES: OCTOBER 17, 1984

This Report Is Not a Recommendation or Endorsement of the Subdivision
But Is Informative Only.

Buyer or Lessee Must Sign That He Has Received and Read This Report.

This Report Expires on Date Shown Above. If There Has Been a Material Change in the Offering, an Amended Public Report Must Be Obtained and Used in Lieu of This Report.

Section 35700 of the California Health and Safety Code provides that the practice of discrimination because of race, color, religion, sex, marital status, national origin or ancestry in housing accommodations is against public policy.

Under Section 125.6 of the California Business and Professions Code, California real estate licensees are subject to disciplinary action by the Real Estate Commissioner if they make any discrimination, distinction or restriction in negotiating a sale or lease of real property because of the race, color, sex, religion, ancestry or national origin of the prospective buyer. If any prospective buyer or lessee believes that a licensee is guilty of such conduct, he or she should contact the Department of Real Estate.

Information Regarding Schools can be found on Page seven, eight and nine of this report.

READ THE ENTIRE REPORT on the following pages before contracting to purchase a lot in this SUBDIVISION.

COMMON INTEREST SUBDIVISION GENERAL INFORMATION

The project described in the attached Subdivision Public Report is known as a common-interest subdivision. Read the Public Report carefully for more information about the type of subdivision. The subdivision 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:

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.

In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your lot/unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot/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.

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 subdivision. 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 subdivision 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 subdivision 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.

Until there is a sufficient number of purchasers of lots or units in a common-interest subdivision 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.

When contemplating the purchase of a dwelling in a common-interest subdivision, 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 subdivision is very much like governing a small community . . . the management can serve you well, but you will have to work for its success.

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SPECIAL NOTES

THIS PROJECT IS A PLANNED DEVELOPMENT. IT INCLUDES COMMON AREAS AND COMMON FACILITIES WHICH WILL BE OPERATED BY AN INCORPORATED OWNER'S ASSOCIATION, PARK PASEO HOMEOWNERS' ASSOCIATION. 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 NORMALLY LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.

THE SUBDIVIDER HAS STATED THAT HE WILL PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, RESTRICTIONS AND BYLAWS, BY POSTING THEM IN A PROMINENT LOCATION IN THE SALES OFFICE AND 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 LOT.

THE SUBDIVIDER HAS AN INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OF LOTS IN THIS SUBDIVISION. THE EXACT NATURE OF THE SUBDIVIDER'S INTEREST IS SET FORTH IN THE ESCROW INSTRUCTIONS WHICH ARE TO BE USED.

THE SUBDIVIDER HAS STATED HE WILL NOT FURNISH THE CURRENT BOARD OF OFFICERS OF THE HOMEOWNERS' ASSOCIATION THE BUILDING PLANS, TO INCLUDE DIAGRAMS OF LOCATION OF MAJOR COMPONENTS, UTILITIES AND RELATED DATA. THESE ITEMS WILL BE IMPORTANT TO THE BOARD OF OFFICERS OR THOSE WHO WILL MANAGE OR REPAIR COMMON FACILITIES IN THIS SUBDIVISION.

SINCE THE SUBDIVIDER STATES HE WILL NOT FURNISH THE SAID PLANS AND DIAGRAMS, THE BOARD OF OFFICERS OF THE HOMEOWNERS' ASSOCIATION SHOULD TRY TO OBTAIN THEM FROM THE CONTRACTORS WHO WORKED ON THE PROJECT OR FROM THE CITY BUILDING DEPARTMENT.

SINCE THE COMMON PROPERTY AND FACILITIES WILL BE MAINTAINED BY AN ASSOCIATION OF HOMEOWNERS, AND IT'S ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY, THE DEVELOPER MUST:

1. PAY ALL THE MONTHLY ASSESSMENTS WHICH HE OWES TO THE HOMEOWNERS' ASSOCIATION FOR UNSOLD LOTS/UNITS--THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER SUBDIVIDER CLOSES FIRST SALES (REGULATIONS 2792.9 AND 2792.16).

THE HOMEOWNERS' ASSOCIATION MUST:

2. PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT. (REGULATION 2792.22).

WARNING: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, AND OF THE ARTICLES OF INCORPORATION, AND OF THE BYLAWS. IF YOU FORGET TO DO THIS IT MAY COST YOU A PENALTY OF \$500.00 -- PLUS ATTORNEY'S FEES PLUS DAMAGES. (SEE CIVIL CODE SECTION 1360).

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.

FOR THE PURCHASER OF A LOT OR UNIT IN THIS SUBDIVISION, THE "FULL CASH VALUE" OF THE LOT OR UNIT WILL BE THE VALUATION, AS REFLECTED ON THE TAX ROLL, DETERMINED BY THE COUNTY ASSESSOR AS OF THE DATE OF PURCHASE OF THE LOT OR UNIT OR AS OF THE DATE OF COMPLETION OF AN IMPROVEMENT ON THE LOT IF THAT OCCURS AFTER THE DATE OF PURCHASE.

INTEREST TO BE CONVEYED: You will receive fee title to a specified lot, together with a membership in Park Paseo Homeowrers' Association and rights to use the common area.

LOCATION AND SIZE: In the City of Irvine, near Irvine Boulevard and Yale Avenue.

This is the twelfth increment which consists of approximately 7.317 acres divided into 42 lots, in addition to the common area which consists of Lots A through D on which community facilities consisting of landscaped areas will be constructed. This increment is part of a total project which, if developed as proposed, will consist of a total of 14 increments and 625 residential lots, as well as common facilities consisting of recreation building, two swimming pools, wading pool, jacuzzi, two volleyball courts, two tennis courts, three tot lots, service building, parking lot, and landscaped areas.

The subdivider has posted a bond in the amount of \$1,400,000.00 to assure completion of improvements described in the "Planned Construction Statement", attached to the bond. The estimated completion date for these improvements is: February 1982.

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

MANAGEMENT AND OPERATION: The Park Paseo Homeowners' Association, which you must join, manages and operates the common area(s) in accordance with the Restrictions, Articles of Incorporation and the Bylaws.

MAINTENANCE AND OPERATIONAL EXPENSES: The subdivider has submitted a budget for maintenance and operation of the common areas when the subdivision is substantially completed (built-out budget) and an interim budget. You should obtain copies of these budgets from the subdivider. Under the built-out budget, the monthly assessment against each lot will be \$26.00, of which amount \$0.74 is for reserves for major repairs and replacements. Under the interim budget, the monthly assessment per lot will be \$27.40, of which amount of \$1.86 is for reserves.

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 substantially completed, at which time it may be anticipated that assessments will conform to the built-out budget. However, the assessment rate has been set by the Homeowner's Association and may not be sufficient to maintain proper reserves.

IF THE BUDGET FURNISHED TO YOU BY THE DEVELOPER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH VARIES 10% OR MORE FROM 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 CC&R's or Bylaws. In considering the advisability of an decrease (or smaller increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

THE INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF ISSUANCE. 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 COST OF LIVING.

Monthly assessments will commence on all in an increment during the month following the closing of the first sale of a lot. From that time, the subdivider is required to pay the association a monthly assessment for each lot which he owns.

The remedies available to the association against owners who are delinquent in the payment of assessments are set forth in the CC&R's. These remedies are available against the subdivider as well as against other owners.

The subdivider has posted a bond in the amount of \$6,650.00 as partial security for his obligation to pay assessments on unsold lots. The governing body of the association should assure itself that the subdivider has satisfied his obligations to the association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

EASEMENTS: Easements for utilities, drainage, sewers, and other purposes are shown on the title report and subdivision map recorded in the Office of the Orange County Recorder, Book 395 of Miscellaneous Maps, Pages 48 through 50.

RESTRICTIONS: This subdivision is subject to restrictions recorded in the Office of the Orange County Recorder, June 14, 1977, Instrument No. 24436, amended June 22, 1977, Instrument No. 40067, and Annexation Agreement recorded October 2, 1979, Book 13334, Page 843, which includes numerous provisions that affect and control the use of the property.

For information as to your obligations and rights, you should read the restrictions. The subdivider should make them available to you.

MINERAL RIGHTS: You will not own $\frac{1}{2}$ of 1208/2516th interest of all mineral, oil, and gas rights under your land below a depth of 500 feet. The right to entry has been waived.

CONDITIONS OF SALE: If your purchase involves financing, a form of deed of trust and note will be used. These documents may contain the following provisions:

An acceleration clause. This means that if you sell the property or use it as a security for another loan, the lender may declare the entire unpaid loan balance immediately due and payable.

A prepayment penalty. This means that if you wish to pay off your loan in whole or in part before it is due, you may be required to pay an additional amount as a penalty in accordance with the terms of the loan.

A late charge. This means that if you are late in making your monthly loan payment, you may have to pay an additional amount as a penalty.

Second Deed of Trust: If your purchase involves second trust deed financing with the subdivider, a form of deed of trust and note will be used. These documents may contain the following provisions:

A Balloon payment. This means that you will not be required to make monthly payments on such second deed of trust, but all principal and interest shall be payable upon the maturity of the promissory note.

If the remaining balance is a sizeable one, you may be concerned with the possible difficulty in refinancing the balance.

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

PURCHASE MONEY HANDLING: The subdivider must impound all funds received from you in escrow depository until legal title is delivered to you. (Refer to Sections 11013.4 (a) of the Business and Professions Code.) If the escrow has not closed on your lot within twelve months of the date of your escrow instructions, you may request return of your deposit.

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 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.

FILLED GROUND: Some lots contain filled ground varying to a maximum depth of 2.4 feet. These soils were compacted for the intended use under the supervision of a state licensed engineer.

SOIL CONDITIONS: An engineering report has been filed which indicates soil is expansive, and included in the report are certain recommendations relative to footings and slabs. Subdivider has certified that he will comply with the recommendations of the engineer, that the purchasers' funds will be impounded in the escrow, and that no escrows will close until recommendations have been completed.

FIRE AND PROTECTION: Fire protection will be provided by the Orange County Fire Department from the Valencia Fire Station.

STREETS AND ROADS: As of the date of this report, streets have not been completed. The subdivider has posted a bond with the city to ensure completion of city standards.

Subdivider has one to two years to complete. The time limit may be extended by the city.

PUBLIC TRANSPORTATION: Orange County Transit District's Route 76 stops at Culver and Irvine Boulevards, within one half mile of the project.

SCHOOLS: The Irvine Unified School District has approved and ratified information of the nearest schools, distances to the most remote lot, availability of school bus transportation and bus charges, as indicated:

EXISTING SCHOOL/ ADDRESS	DISTANCE APPROX. FROM TRACT	CAPACITY	ENROLLMENT	
			ACTUAL 11/17/78	PROJECTED 1978/79

Elementary Schools

Santiago Hills Elementary
temporarily located at
C.E. UTT
13601 Browning Avenue 4 miles 500+ 252 500
Tustin, Ca 92680
(714) 544-9670
(K-6) (Regular School
Calendar)
Principal: Marilyn Boyd

The permanent Santiago Hills Elementary School is currently under construction and scheduled for completion for Fall 1979. The school site is located at 29 Christamon, adjacent to the Homeowners' Recreation Center which serves the Park Paseo Homeowners' Association.

Alternative Elementary Schools

Basics Plus
3541 Main Street
Irvine, Ca 92714 5+ miles 500 650 645
(K-6) (Regular School
Calendar)
Principal: Dan Thomas

Vista Verde
5144 Michelson Road 8+ miles 800 514 597
Irvine, Ca 92715
(714) 552-1191
(K-8) (Continuous School
Calendar)
Principal: Barbara Barnes

Middle School

Lakeside Middle School (6-8)*
3 Lemongrass
Irvine, Ca 92714 4+ miles 780 233 190
(714) 559-1601
Principal: Don Erger

High Schools (9-12)

Irvine High School
4371 Walnut Avenue
Irvine, Ca 92714 2+ miles 1875 1685 1794
(714) 552-4311
Principal: Dean Waldfogel

S.E.L.F. Program
 Alternative High School
 16841 Milliken Avenue 5 miles 300 198 187
 Irvine, Ca 92714
 (714) 549-8816
 Manager: Tom Heustis

*Sixth graders may elect to attend Lakeside Middle School, or to attend Santiago Hills Elementary, located at 13601 Browning Avenue, Tustin.

School bus service is provided and paid for by the District in accordance with the following present policy (exceptions may occur when conditions such as hazardous traffic warrant; further, present policy is subject to change).

<u>GRADE LEVEL</u>	<u>DISTANCE/MILES</u>
K-2	3/4 miles
3	1 mile
4-6	1 3/4 miles
7-12	2 1/2 miles

Significant impact on the District's enrollment from all the new developments is anticipated due to curtailment of state and local school building funding.

The district is exploring alternative funding sources to continue our building program. However, it should be noted that the Irvine Unified School District continues to be one of the fastest growing growth impacted districts in the State and the schools identified as serving this subdivision are tentative and subject to changes to utilize available classroom spaces. It should be further noted that student enrollment projections indicate that there probably will be periods of overcrowding in the District, and as a result changes in attendance zones may be required from time to time. Half day or extended day sessions may be required with classes housed in multi-purpose rooms or other temporary measures. For additional information call the District Office, telephone number (714) 556-4900.

NOTE: This school information was provided by the school district prior to issuance of the public report. Purchasers may contact the local district offices for any changes in school assignments, facilities and bus service.

SHOPPING FACILITIES: Shopping Center at Culver and Walnut; large shopping center is planned for the future at Irvine Boulevard and Yale Avenue. South Coast Plaza Mall and Fashion Island Mall, both major shopping center facilities, are within 10 miles of the project.

For further information in regard to this subdivision, you may call (213) 620-2700, or examine the documents at the Department of Real Estate, 107 South Broadway, Room 7001, Los Angeles, California 90012.

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(2ND AMENDED)