

**Department of Real Estate
of the
State of California**

**MIXED USE CONDOMINIUM
FINAL SUBDIVISION PUBLIC REPORT**

In the matter of the application of

**MSGG EL DORADO REALTY PARTNERS, L.L.C.,
A DELAWARE LIMITED LIABILITY COMPANY**

File No.: 121974LA-F00

Issued: MARCH 12, 2008

Expires: MARCH 11, 2013

for a Final Subdivision Public Report on

**TRACT NO. 063019
"EL DORADO LOFTS"**

LOS ANGELES COUNTY, CALIFORNIA

**JEFF DAVI
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, domestic partnership, 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 owner's association. Purchase of a lot or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and facilities. Since membership in the association is mandatory, you should be aware of the following information before you purchase:

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

The Department of Real Estate publishes the *Common Interest Development Brochure*. The information contained in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To obtain a free copy of this brochure, please send your request to:

Book Orders
Department of Real Estate
P.O. Box 187006
Sacramento, CA 95818-7006

SPECIAL NOTES

THIS REPORT COVERS ONLY 65 RESIDENTIAL UNITS AND 7 COMMERCIAL UNITS IN ONE BUILDING ON LOT 1 OF TRACT NO. 063019. THIS IS A MIXED USE CONDOMINIUM PROJECT WITH THE 65 RESIDENTIAL UNITS LOCATED ON THE SECOND THROUGH TWELFTH FLOORS AND THE SEVEN COMMERCIAL UNITS DESIGNATED FOR COMMERCIAL RETAIL USE LOCATED ON THE GROUND FLOOR, MEZZANINE LEVEL AND BASEMENT LEVEL OF THE BUILDING.

THE BUILDING WAS ORIGINALLY CONSTRUCTED IN 1913 AS A HOTEL AND HAS BEEN DESIGNATED AS A HISTORICAL BUILDING. IT HAS BEEN REHABILITATED AND REDESIGNED FOR OCCUPANCY AS A MIXED USE CONDOMINIUM PROJECT. AS A HISTORICAL PROPERTY, THE BUILDING IS SUBJECT TO RESTRICTIONS THAT REQUIRE PRESERVATION OF CERTAIN ELEMENTS AND FEATURES. THE HISTORICAL ELEMENTS AND FEATURES ARE FUNCTIONAL BUT MAY NOT MEET CURRENT BUILDING CODES AND STANDARDS INCLUDING SOUND ATTENUATION AND DECIBEL LEVEL STANDARDS.

IF YOU ENTERED INTO AN AGREEMENT TO PURCHASE OR LEASE AN INTEREST IN THE SUBDIVISION UNDER AUTHORITY OF A CONDITIONAL SUBDIVISION PUBLIC REPORT, THE PURCHASE AGREEMENT AND THE ESCROW INSTRUCTIONS CONTAINED ARRANGEMENTS FOR THE RETURN TO YOU OF MONIES PAID OR ADVANCED IF YOU ARE DISSATISFIED WITH THIS FINAL SUBDIVISION PUBLIC REPORT BECAUSE OF A MATERIAL CHANGE IN THE SETUP OF THE OFFERING COVERED BY BUSINESS & PROFESSIONS CODE SECTION 11012. YOU ARE ADVISED TO CAREFULLY READ THIS FINAL SUBDIVISION PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND POSSIBLY DIFFERENT FROM THAT INCLUDED IN THE CONDITIONAL SUBDIVISION PUBLIC REPORT.

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 PUBLIC REPORT.

THIS PROJECT IS A COMMON INTEREST SUBDIVISION OF THE TYPE REFERRED TO AS A MIXED USE CONDOMINIUM. IT INCLUDES COMMON AREAS, AMENITIES AND FACILITIES WHICH WILL BE MAINTAINED AND OPERATED BY AN INCORPORATED OWNERS ASSOCIATION.

THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS, AMENITIES AND FACILITIES, AND OTHER PURPOSES. YOUR CONTROL OF OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.

SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES AND FACILITIES WILL BE MAINTAINED BY AN ASSOCIATION OF HOMEOWNERS, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE ASSOCIATION'S GOVERNING BODY WITHIN 45 DAYS AFTER 51% SELL OUT OF THE INTERESTS AUTHORIZED FOR SALE UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION. HOWEVER, 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 ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT.

THE SUBDIVIDER MUST PAY ASSESSMENTS TO THE HOMEOWNERS ASSOCIATION FOR ALL UNSOLD UNITS IN THIS PROJECT. THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER SUBDIVIDER CONVEYS THE FIRST SUBDIVISION INTEREST IN THIS PROJECT (REGULATIONS 2792.9 AND 2792.16).

THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE HOMEOWNERS ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN REAL ESTATE COMMISSIONER'S REGULATION 2792.23 WITHIN THE STATED TIME PERIOD. THESE RECORDS AND MATERIALS DIRECTLY AFFECT THE ABILITY OF THE HOMEOWNERS ASSOCIATION TO PERFORM ITS DUTIES AND

RESPONSIBILITIES (REFER TO SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 1363 OF THE CIVIL CODE).

THE SUBDIVIDER MUST PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, BYLAWS, AND COVENANTS, CONDITIONS AND RESTRICTIONS 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 BUSINESS AND PROFESSIONS CODE).

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 REVIEWED ASSOCIATION BUDGET.

THE SUBDIVIDER STATED HE WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE CONDOMINIUM PLAN.

THE SUBDIVIDER ESTIMATES ALL COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES INCLUDING RESIDENTIAL STRUCTURES IN THE TOTAL PROJECT WILL BE COMPLETED BY APPROXIMATELY MARCH 2008.

NO ESCROWS WILL CLOSE IN THIS PROJECT UNTIL COMPLETION OF ALL COMMON AREA IMPROVEMENTS, AMENITIES AND FACILITIES AND RESIDENTIAL STRUCTURES OR, AS AN ALTERNATIVE, THE SUBDIVIDER HAS SUBMITTED A BOND OR OTHER SECURITY ACCEPTABLE TO THE DEPARTMENT OF REAL ESTATE UNDER THE PROVISIONS OF SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE TO ASSURE LIEN FREE COMPLETION OF ALL COMMON AREA AMENITIES AND FACILITIES AND RESIDENTIAL STRUCTURES IN THIS PROJECT.

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 RENT OR LEASE THE UNITS.

IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS 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.

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).

LEASING RESTRICTION: PURSUANT TO THE TERMS OF YOUR PURCHASE CONTRACT, YOU MAY NOT LEASE OR RENT YOUR UNIT TO ANYONE OTHER THAN YOUR IMMEDIATE FAMILY MEMBERS UNTIL TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW. IF YOU VIOLATE THE TERMS OF THIS AGREEMENT YOU WILL BE REQUIRED TO PAY SUBDIVIDER UPON DEMAND THE GREATER OF THE RENTAL AMOUNT RECEIVED BY YOU IN THE FIRST TWELVE (12) MONTHS OR \$2.50 PER

SQUARE FOOT PER MONTH FOR THE PERIOD RENTED IN THE FIRST TWELVE (12) MONTHS AFTER THE CLOSE OF ESCROW.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE CONTRACT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SELLER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE BUYER OR THE BUYER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SELLER.

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 the common area together with a membership in the "El Dorado on Spring Property Owners' Association" and rights to use the common area.

LOCATION AND SIZE

This subdivision is located at 416 South Spring Street within the city limits of Los Angeles. Prospective purchasers should acquaint themselves with the kinds of city services available.

This is a single phase project which consists of approximately 0.22 acres on which one (1) building has been constructed that will contain 65 residential and 7 commercial units when refurbishment is complete.

CONVERSION

This development is a conversion of an existing unoccupied hotel to condominium use. The structure was completed in 1913.

MANAGEMENT AND OPERATION

The El Dorado on Spring Property Owners' Association, of which you become a member at time of purchase, manages, maintains, and operates the common area(s) in accordance with the Covenants, Conditions and Restrictions, Articles of Incorporation, and the Bylaws.

MAINTENANCE AND OPERATIONAL EXPENSES

The Subdivider has submitted residential and commercial budgets for the management, maintenance and operation of the common areas and for the creation of long-term reserves. The budgets were reviewed by the Department of Real Estate in December 2006. You should obtain copies of these budgets from the Subdivider. Under these budgets, the monthly assessment against each residential subdivision interest will range from \$455.52 to \$622.11 depending on the size of the unit. Of these amounts, \$64.65 is a monthly contribution to long-term reserves and is not to pay for current management, maintenance and operating expenses.

The commercial subdivision interests will pay assessments based on a separate commercial budget which is applicable only to the 7 commercial units in this project.

Roof Deck Cost Center Budget: The Subdivider has submitted an additional cost center budget for the management, maintenance and operation of the exclusive use roof decks. This budget is only applicable to Units 1205, 1206, 1207 and 1209 which have exclusive use of the roof decks. This budget was reviewed by the Department of Real Estate in December 2006. You should obtain a copy of this budget from the Subdivider. Under this budget, the additional roof deck monthly assessment against each of these four units will be \$25.00. This assessment is in addition to the residential budget assessment mentioned above.

The utility rates used for the calculations within this budget are based on information available at the time of the budget review date (as shown above). Increases in regular assessments or special assessments may be required as a measure to provide adequate funds to compensate for potential utility rate increases. Purchasers should be aware of the possible affect these increases may have on their homeowner assessments.

IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE ASSESSMENT AMOUNT SHOWN IN THIS PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN 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 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 project on the first day of the month following the conveyance of the first subdivision interest in this project.

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.

INITIAL CAPITAL CONTRIBUTION ("Start-Up" Funds)

In addition to assessments, purchasers must make an Initial Capital Contribution to El Dorado on Spring Property Owners' Association to have sufficient "start-up" funds for operating the common areas.

Prior to the close of escrow, each purchaser must deposit into escrow a sum equal to \$300.00 for each unit purchased. This amount is not a prepayment of assessments or part of the purchase price of the unit.

Six months following the first close of escrow, the Subdivider will deposit into escrow a capital contribution equal to \$300.00 for every unit on which escrow has not yet closed. Escrow shall remit these funds directly to the homeowners association. On units where the capital contribution has been prepaid by the Subdivider, the Subdivider will be subsequently reimbursed upon the close of each individual escrow. This arrangement is set forth in the escrow instructions.

The Subdivider has posted a bond as security for the obligation to pay these Initial Capital Contributions. 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 Initial Capital Contributions before agreeing to a release or exoneration of the security.

EASEMENTS

Easements for utilities and other purposes are shown in the Title Report and on the Subdivision Map no. 063019 filed in the Office of the Los Angeles County Recorder on February 26, 2008 as Instrument No. 20080331997, in Book 1346, Pages 7 through 8 of Maps and on the Condominium Plan recorded in the Office of the Los Angeles County Recorder on March 4, 2008 as Instrument No. 20080371901.

Amendments to the original condominium plan may also be recorded. You may ask the Subdivider about such changes. If you purchase a unit, this information will be included in your title policy.

RESTRICTIONS

This subdivision is subject to Restrictions recorded in the Office of the Los Angeles County Recorder on March 4, 2008 as Instrument Number 20080371902. Amendments to the original Declaration may also be recorded. You may ask the Subdivider about such changes. If you purchase a condominium, this information will be included in your title policy.

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

USES AND ZONING

North: Commercial/retail
East: Commercial/retail

South: Commercial/retail
West: Commercial/retail

This project is located in the heart of downtown Los Angeles and is surrounded by commercial/retail property uses.

HAZARDS

The following hazard(s) exist(s) within or near this development:

The Santa Ana Freeway (US-101) is approximately 0.75 mile north of the project.
The Harbor Freeway (SH-110) is approximately 0.65 mile northwest of the project.
The Santa Monica Freeway (I-10) is approximately 1.25 miles southwest of the project.
Multiple railroad tracks are approximately 1 mile east and northeast of the project.

TAXES

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

For the purchaser of a 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 unit if that occurs after the date of purchase.

NOTICE OF YOUR 'SUPPLEMENTAL' PROPERTY TAX BILL

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two such supplemental tax bills, depending on the time of year that your escrow 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. The taxes are due when the supplemental bills are mailed and are delinquent if not paid by the last day of the following month. If you have any questions concerning this matter, please call your local Tax Collector's Office.

Your Policy of Title Insurance will be issued subject to the exception of any supplemental taxes assessed pursuant to Chapter 498, Statutes of 1983 of the State of California.

ASSESSMENTS

This subdivision lies within the boundaries of the following Districts and is subject to any taxes, assessments and obligations thereof: Los Angeles City Landscape and Lighting District 96-1; Los Angeles County Park District; Los Angeles Downtown Historic Core BID; Transportation Authority MTA-A1; Los Angeles County Trauma/Emergency Services; Los Angeles Police/911 Bond Tax and Los Angeles Light Maintenance District.

CONDITIONS OF SALE

Pursuant to Civil Code Sections 2956 through 2967, inclusive, Subdivider 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 provision(s):

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 on or before the due date or within a specified number of days after the due date, you, in addition, must 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 (purchase money) 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 twenty two (22) months of the date of your Deposit Receipt/Offer to Purchase, you may request the return of your purchase money deposit.

Note: Section 2995 of the Civil Code provides that no real estate subdivider shall require as a condition precedent to the transfer of real property containing a single family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the subdivider has a financial interest of 5% or more.

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

SOILS CONDITIONS

This is a conversion project. A soils report is not required by local government.

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

SCHOOLS

This project is in the Los Angeles Unified School District (213) 633-7606. This district advises the schools initially available to this subdivision are:

9th Street Elementary School (K-5) (213) 622-0669
820 Towne Avenue
Los Angeles, CA 90021

Berendo Middle School (6-8) (213) 382-1343
1157 S. Berendo Street
Los Angeles, CA 90006

Belmont High School (9-12) (213) 250-0244
1575 W. 2nd Street
Los Angeles, CA 90026

The 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.

CLOSING STATEMENT

If you need clarification as to the statements in this Public Report or if you desire to make arrangements to review the documents submitted by the Subdivider which the Department of Real Estate used in preparing this Public Report you may contact:

Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105
(213) 576-6983