

Builder Assessment and Tax Disclosure

Subdivision Name: Encore at Cadence Park
County: Orange
Subdivider: Lennar Homes of California, Inc.

Tract/Lot Number: Tract 17896, Lot 5A, HS# 106
Location: 126 Scale, Irvine, CA 92618
Report: A-LEN-1018-E-5A106
Date Prepared: July 8, 2019

This report satisfies the seller's obligation to provide a Notice of Special Tax and a Notice of Special Assessment form pursuant to Government Code §53341.5 and Civil Code §1102.6b.

Report Terms and Conditions: This report for the property named herein is a product of Alliant Tax Research (hereafter, "Alliant"). The terms and conditions listed below represent the terms and conditions under which this product is sold:

The purpose of this report is to fulfill the seller's requirement for disclosure of Mello-Roos special taxes and 1915 Act Bond Assessment District charges, and for no other reason. Because some Mello-Roos taxes and 1915 Bond Act charges may have been put in place for this specific development, **Alliant relied on the Subdivider to verify that all special financing districts were included on this report. Alliant also relied on builder specifications for home and lot sizes which may be the basis of certain calculations and estimates.** This report is not a substitute for a title report or title insurance and may not be relied upon as such. While information on charges other than Mello-Roos and 1915 Bond Act assessments is provided, it is done so only as a convenience and no warranties are made on this information.

The Buyer and Seller of the property understand this is a report product and not an insurance policy. The premium for an insurance product would be significantly greater than the cost of this report. If there is a material error in the reporting of a Mello-Roos or 1915 Bond Act assessment, the most the party who suffers damages as a result of the error shall be entitled to recover from Alliant will be the actual proved damages measured by the difference in the fair market value of the Residential Property as of the Sale Date, caused by the error, but not in excess of the present value of the total under-reported tax amount which would be payable for a five (5) year period from the Sale Date. Alliant shall not be liable for indirect, consequential, or punitive damages. Alliant shall not be liable to a Party for any matters known to that Party or its Agent (including errors in this Report) and not disclosed in writing to both the other Parties and Alliant prior to the date the Residential Property is sold by Seller to Buyer.

This report is for the exclusive benefit of the specific Buyer and specific Seller for which this report was prepared. This report may not be used in subsequent transactions affecting the property.

This report is only valid if report fee is paid within 60 days of receipt of invoice. While this report contains data gathered from what Alliant believes to be reliable sources, the amount of the levy and end year may be subject to change in the future due to revisions by the issuer approved by affected landowners. This information may be subject to change and Alliant does not have a duty to update the report for any tax bill, legislative, or related changes that may occur in the future.

This report was prepared based upon records and official documents provided by various governmental agencies and third parties. Alliant has assumed that these agency records are accurate and complete, but Alliant has not conducted any independent verification of their accuracy or completeness. Alliant shall not be responsible for any inaccuracies or omissions in the public records of the various governmental agencies.

As long as payment is made within 60 days of invoicing, Alliant warrants this disclosure, subject to other terms and conditions stated in this Report, for liabilities that may arise relative to the requirements of California law regarding subdivider disclosure of Mello-Roos special taxes and 1915 Act assessments to buyers, and for no other purpose. Alliant will not appear in court to defend or explain this Report without being paid reasonable consulting fees and expenses unless such appearance is due to an error in this Report.

Please note that although the tax year starts on July 1, secured tax bill information is not finalized or made available by the county until later in the year. Therefore, this report is still based on the available secured tax year records which are still 2018/19 as of this report date.

USE OF THIS REPORT BY RECIPIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE CONDITIONS AND LIMITATIONS DESCRIBED ABOVE.





FOR INQUIRIES ABOUT THIS REPORT, PLEASE CALL ALLIANT CUSTOMER SERVICE AT 866-367-4392 OR INFO@ALLIANTTAX.COM

Summary and Buyer Acknowledgement

Subdivision Name: Encore at Cadence Park
Location: 126 Scale, Irvine, CA 92618
Report: A-LEN-1018-E-5A106
Date Prepared: July 8, 2019

The Transferor and his/her agents disclose the following information with the knowledge that even though this is not a warranty, prospective buyers may rely on this information in the decision to purchase this property. Transferor 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. **This information is a disclosure and is not intended to be part of any contract between the Transferee and the Transferor.**

This is a notification to you prior to your purchasing this property.

The above property lies within the following special tax and/or assessment districts:

Yes	No	Special Assessment/Tax on Property
X		Mello-Roos Community Facilities Districts
	X	1915 Bond Act Assessment Districts or Bonded Landscaping and Lighting Districts
X		Other Special Assessments

The following disclosure is made by the Transferor pursuant to Government Code §53341.5 and Civil Code §1102.6b. The representations made in this disclosure report are based on information provided by an independent third party report provided as a substituted disclosure pursuant to California Civil Code §1103.4. Neither the Transferor nor the Transferor's agent(s) has 1) independently verified the information contained in this report, or 2) is personally aware of any errors or inaccuracies in the information contained in this form.

Signature of Agent: _____ **Date:** _____

Signature of Agent: _____ **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:** _____

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Notice of Special Tax

**City of Irvine
 Community Facilities District No. 2013-3 (Great Park)
 Improvement Area No. 6
 County of Orange, California**

To the prospective purchaser of the real property known as:

Tract 17896, Lot 5A, HS# 106

This is a notification to you prior to your entering into a contract to purchase this property. The seller is required to give you this notice and to obtain a copy signed by you to indicate that you have received and read a copy of this notice.

This property is subject to a special tax, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax may not be imposed on all parcels within the city or county where the property is located. **If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.**

The maximum annual special tax rates for the 2018/19 tax year that may be levied to pay for infrastructure, public facilities and services, ranges from **\$4,628.80 to \$19,005 per detached residential dwelling unit, depending on home size.**

The maximum special tax rates for the 2018/19 tax year are listed below for property in Improvement Area 6:

Home Type and Residential Floor Area	Maximum Special Tax Per Dwelling Unit For 2018/19
Detached residential property (=> 5,700 SF)	\$19,005
Detached residential property (5,450 SF – 5,699 SF)	\$18,336
Detached residential property (5,200 SF – 5,449 SF)	\$17,332
Detached residential property (4,950 SF – 5,199 SF)	\$16,663
Detached residential property (4,700 SF – 4,949 SF)	\$15,660
Detached residential property (4,450 SF – 4,699 SF)	\$13,727
Detached residential property (4,200 SF – 4,449 SF)	\$13,727
Detached residential property (3,950 SF – 4,199 SF)	\$12,718
Detached residential property (3,700 SF – 3,949 SF)	\$11,911
Detached residential property (3,450 SF – 3,699 SF)	\$10,096
Detached residential property (3,200 SF – 3,449 SF)	\$10,096
Detached residential property (2,950 SF – 3,199 SF)	\$9,088
Detached residential property (2,700 SF – 2,949 SF)	\$7,752
Detached residential property (2,450 SF – 2,699 SF)	\$7,676
Detached residential property (2,200 SF – 2,449 SF)	\$7,087
Detached residential property (1,950 SF – 2,199 SF)	\$6,496
Detached residential property (1,700 SF – 1,949 SF)	\$5,632
Detached residential property (< 1,700 SF)	\$4,628

(Continued on next page)



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Notice of Special Tax, Community Facilities District No. 2013-3, page 2 of 2:

The maximum special tax may be increased annually by 2% until 40 years after the first series of Non-Subordinate CFD No. 2013-3 (IA No. 6) Bonds are issued, when the special tax may increase annually by 3%. The infrastructure and public facilities portion of the special tax (described as 82.50% of the maximum annual special tax) may not be levied after the 2056/57 tax year or 40 years after the first series of Non-Subordinate CFD No. 2013-3 (IA No. 6) Bonds are issued, whichever comes later. The remaining portion of the annual special tax may be levied in perpetuity and increase annually by 3%.

The authorized infrastructure and public facilities, which is being paid for by the special taxes, and by the money received from the sale of bonds, which are being repaid by the special taxes, include:

- Streets, signals, storm drain facilities, sewers, domestic and recycled water facilities, water improvements, parks, dry utilities, landscaping, bridge, water quality treatment systems, wildlife corridors, open space improvements, runway demolition, and property acquisition.
Bond related expenses, administrative fees, and reimbursement of costs related to the formation of the CFD.

In addition, the special taxes may be used to pay for costs of services related to the infrastructure and public facilities that are constructed within the district. The "Authorized Services - On Park" and "Authorized Services - Off Park" are further defined in the Amended and Restated Development Agreement, dated December 27, 2010, between the City of Irvine, the Developer, and the Irvine Redevelopment Agency.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION WHICH AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM DAVID TAUSSIG & ASSOCIATES BY CALLING (949) 955-1500. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

Buyer confirmation of receipt:

I (we) acknowledge that I (we) have read this notice and received a copy of this notice prior to entering into a contract to purchase or deposit receipt within three days after receiving this notice in person or within five days after it was deposited in the mail by giving written notice of that termination to the owner, subdivider, or agent selling the property.

Buyer Signature: _____ Date: _____

Buyer Signature: _____ Date: _____



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1915 Bond Act Assessment Districts

California law requires the seller to notify the buyer of the presence of assessments that secure bonds issued under the 1915 Bond Act.

This project is **NOT SUBJECT** to special assessments related to the 1915 Bond Act as of report date.

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Other Special/Direct Assessments and User Fees

In many instances, local government agencies use special assessments or “pay as you go” assessment districts to collectively finance public services. These charges are annual and do not normally involve bonds or financing. In addition, this property is or will be subject to the direct assessments and user fees. These are usually flat fee or per usage charges, and are commonly used to provide basic services to the property.

Issuer and District	Purpose of District	Contact Phone	Estimated Levy For 2018/19
City of Irvine Landscape, Lighting and Park Maintenance Assessment	1972 Act annual assessment for street lighting, landscape, and park maintenance. Annual assessment is based on actual costs associated with landscaping, lighting, and park maintenance. Consequently, the assessment may fluctuate from year to year as maintenance contracts expire. Annual assessment may be increased annually by the increase in the Orange County Consumer Price Index, not to exceed 3.5% per year. <i>Please note: The estimated annual levy amount shown is the maximum that can be charged per unit in the 2018/19 tax year.</i>	Willdan Financial Services (866) 807-6864	\$7.03
Irvine Unified School District Recreation Improvement and Maintenance District	1972 Act annual assessment that funds the operation and maintenance of recreational improvements. Annual assessment is based on actual costs associated with the maintenance and improvements. Annual assessment is increased by the Orange County Consumer Price Index or by a maximum of 2% per year.	Willdan Financial Services (866) 807-6864	\$62.31
Metropolitan Water District Water Standby Charge	Water standby charges are used to finance additional water facilities and services, to be certain that adequate facilities and services will be available to this parcel in the future. Voter approval required for assessment increases above the maximum amount. <i>Please note: The estimated annual levy amount shown is per acre with a minimum charge of \$10.09 per parcel.</i>	Willdan Financial Services (866) 807-6864	\$10.09
Orange County Vector Control District Vector Control Assessment	Vector control assessments provide funding for mosquito and pest control programs that service the property. Voter approval required for assessment increases above the maximum amount.	SCI Consulting Group (800) 273-5167	\$1.92
Orange County Vector Control District Vector Control Assessment (Mosquito/WNV/Fire Ants)	Increased mosquito control to further reduce the threat from West Nile virus and enhanced Red Imported Fire Ant control. Assessment may increase annually by the change in the Consumer Price Index not to exceed 3% per year.	SCI Consulting Group (800) 273-5167	\$7.48

These direct assessments and charges will appear annually on your property tax bill. In most cases, these charges are subject to public notice and hearing requirements (as controlled by Proposition 218) and any increases or additions must be approved by a vote of the registered landowners (or registered voters, depending upon the specific legislation). While they do not impose an accelerated foreclosure lien, they do result in an increased annual tax rate.

For additional information on a particular special assessment or charge, please call the phone number listed above.

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Ad Valorem Taxes

This section provides information on the basic ad valorem charged to all real property in California, plus any voter approved general obligation debt that affects the property for the 2018/19 tax year. These taxes are based directly on net taxable value of property, so the actual amount charged on your tax bill will vary based on your purchase price of the home (which establishes the initial assessed value). This report only reflects information from the 2018/19 tax bills. Additional voter approved taxes may appear in the future, but must be or must have previously been authorized by voters in an election.

Issuer and Tax	Purpose of Tax	Contact Phone	2018/19 Tax Rate
Tax Rates on All Property Value:			
County of Orange General Purpose Ad Valorem Tax	This is the basic ad valorem tax levy authorized by State Law (Proposition 13).	Orange County Auditor- Controller (714) 834-2450	1.0000%
Metropolitan Water District General Obligation Bond Debt Service	This is debt service on a voter approved general obligation bond issue for water facilities.	Customer Service (213) 217-6000	0.0035%
Tax Rates on Land Value Only:			
Irvine Ranch Water District General Obligation Debt Service	This is debt service on voter approved general obligation bond issues for water and sewer facilities.	Customer Service (949) 453-5300	0.0750%

2018/19 Tax Rate on All Property Value: 1.0035%

2018/19 Additional Tax Rate on Land Value Only: 0.0750%

2018/19 Tax Rate: 1.0785%

Please note that this rate is for ad valorem taxes only. All Mello-Roos community facilities districts, 1915 Bond assessments and Other Special Assessments listed on previous pages are flat fees and will be charged in addition to these taxes.



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Property Tax Estimate Calculator

The following calculation is provided to assist the homebuyer in **ESTIMATING** the approximate amount of future property tax charges that may be levied against this property based upon an assessed valuation being equal to the amount of the purchase price. Please note that the valuation method is used for estimating purposes only, the actual property tax bill will be based on the County's assessed value.

The *Property Tax Estimate Calculator* does not anticipate any new property tax charges, fees, assessments, taxes, or any changes in property tax rates that may occur in future tax years. The purpose of the *Property Tax Estimate Calculator* is to assist the homebuyer in planning for the approximate annual tax amount which may be applicable after the sales date.

A. Estimated Home Purchase Price	\$ _____
B. Estimated Ad Valorem Tax Rate*	_____ 1.0785%
C. Estimated Annual Ad Valorem Tax (A x B = C)	\$ _____
D. Estimated Annual Special Assessments/Taxes/Charges/Direct Levies**	\$ _____ \$9,176.83
E. Total Estimated Annual Tax Amount for the 2018/19 tax year (C + D = E)	\$ _____

* Includes Additional Tax Rate on Land Value Only: 0.0750%

** Includes Community Facilities District No. 2013-3 (Great Park) maximum special tax for Detached Residential property with Residential Floor Area between 2,950 – 3,199 square footage.

Please note that any potential or applicable exemptions and exclusions are not reflected in the *Property Tax Estimate Calculator*. In order to determine if a homebuyer is eligible for any exemptions or exclusions, please contact your local County Assessor's office. Alliant is not responsible or liable for any losses, liabilities or damages resulting from the use of this *Property Tax Estimate Calculator*.



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Notice of Your Supplemental Property Tax Bill

Subdivision Name: Encore at Cadence Park
Tract/Lot Number: Tract 17896, Lot 5A, HS# 106

Pursuant to California Civil Code §1102.6c, the Seller or the Seller's agent is providing you with this "Notice of Your Supplemental Property Tax Bill":

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your home/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.

The Buyer hereby acknowledges that Buyer has read, understands and has received this copy of the "Notice of Your Supplemental Property Tax Bill."

Buyer

Date

Buyer

Date

General Information about your Property Tax Bill

California's secured property tax bills consist of two types of charges: 1) ad valorem taxes and 2) special assessments. These are explained briefly below.

Ad Valorem Taxes

Ad valorem taxes are based on the value of property. The basic ad valorem tax is the statewide tax authorized by California law. This general tax is 1% of the assessed value of the property each year. This tax is shared by the state, counties and local agencies including schools, cities, water districts, etc. In addition, voters can approve local additional ad valorem overrides that put the ad valorem tax rate over 1%. These overrides normally involve general obligation bond debt. These general obligation bonds do not place a special lien on any one property but simply increase the ad valorem tax rate slightly over 1%.

Special Assessments

Anything that is not an ad valorem tax is called a "special assessment" or a "direct assessment." These charges are local in nature and are used to fund local improvements or public services that provide some type of general or direct benefit to the property. Special assessments are not tax rates and cannot be based on the value of property. Instead, each special assessment district has some type of benefit formula that is used to calculate the amount of the assessment on each parcel. Special assessments can be levied using a variety of laws, including the Mello-Roos Community Facilities Act of 1982; various assessment district bond acts such as the 1915 Act or 1911 Act; or through a variety of non-bonded charges such as the 1972 Act Landscape and Lighting Act, the 1982 Benefit Assessment Act, user fees, service charges and other methods. Some commonly used types of special assessments are:

Mello-Roos Community Facilities Districts. This is a type of special financing frequently used to fund infrastructure, schools, and many types of public services such as police, fire, landscaping, etc. A Mello-Roos district may or may not involve a bond sale. Mello-Roos districts place a senior lien on the property that has a provision for accelerated foreclosure action by the levying agency if property taxes are not paid on time. Because of this, California law now requires disclosure of Mello-Roos taxes in real estate transactions.

1915 Bond Act Assessment Districts. This is another type of special assessment financing method frequently used to fund infrastructure and other public improvements in California. The 1915 Act is a bond act only, meaning another assessment district formation act must be used to form the boundaries of the district before 1915 Act bonds may be sold. These 'formation districts' are usually 1913 Act, 1911 Act or 1972 Act districts. Issuance of 1915 Act bonds places a senior lien on the property that has a provision for accelerated foreclosure action by the bond issuer if property taxes are not paid on time. Because of this, California law now requires disclosure of assessments securing 1915 Act bonds in real estate transactions.

Other Bonded Districts. In addition to Mello-Roos and the 1915 Act, there are other types of land-secured bonds that may impact California property. These include improvement bonds issued under the 1911 Act or other improvement bonds issued under county or charter city laws.

Maintenance Districts. In most newer communities in California, the cost of maintaining common areas, landscaping, street lighting, storm drains, and parks is often handled through Landscape and Lighting Maintenance Assessment Districts. These may be formed under the 1972 Landscaping and Lighting Act or other legislation and are approved annually through a public hearing process. They may have a cost-of-living increase or other formula but must be renewed every year. These districts are often referred to as "cost recovery districts" since they provide a means for government to provide a specific service and have the cost recovered through assessing those properties that benefit from the services.

User Fees and Service Charges. Many municipalities charge user fees for services to the property such as water and sewer. Instead of billing the property owner directly for monthly or quarterly fees, the service charge is frequently collected annually on the property tax bill.

Standby or Availability Charges. Local agencies that provide water and sewer services are authorized to levy Standby or Availability Charges. These annual assessments are charged to help fund the future availability of services to the area or the expansion of services to meet future growth.

County Service Areas, Community Services Districts and Permanent Road Divisions. In unincorporated areas of a county, the county may provide services to specific areas through the formation of County Service Areas ("CSA") or independently formed Community Services Districts. Then, a specific community may receive enhanced services such as road maintenance, landscaping, street lighting and park maintenance, and repay the county (or itself, if a Community Services District) through special service charges or assessments. Permanent Road Divisions are a similar type of entity formed by a county to provide road improvement and maintenance in unincorporated areas.

Benefit Assessments and Parcel Taxes. School Districts and other local agencies commonly levy voter-approved annual special parcel taxes or benefit assessments. These are annual charges that pay for specific services. Commonly used benefit assessments and parcel taxes are those to pay for enhanced school programs, fire protection, or flood control.

Penalties. Local agencies have the ability to place delinquent account charges for property related services or civil penalties directly on the tax bill. These may include delinquent utility bills, fees for parcel cleanup, and weed abatement and fees for civil penalties.