

Department of Real Estate
of the
State of California

CONDOMINIUM
FINAL SUBDIVISION PUBLIC REPORT

In the matter of the application of

ARAPAHOE PLAZA, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

FILE NO. 132987LA-F00

ISSUED: SEPTEMBER 14, 2009

for a Final Subdivision Public Report on

EXPIRES: SEPTEMBER 13, 2014

TRACT NO. 69045

"ARAPAHOE PLAZA"

LOS ANGELES COUNTY, CALIFORNIA

JEFF DAVI

Real Estate Commissioner

by 
Senior 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)]

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:

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 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 CONDOMINIUM. IT WILL BE OPERATED BY AN INCORPORATED OWNERS ASSOCIATION.

IT INCLUDES COMMON AREAS, COMMON AMENITIES AND COMMON FACILITIES WHICH WILL BE MAINTAINED 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 SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION (REGULATION 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. THE PAYMENTS MUST COMMENCE ON THE DATE OF THE FIRST CONVEYANCE OF 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 FOR THE ASSOCIATION 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 THAT 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 AND THE CONDOMINIUM PLAN.

THE SUBDIVIDER ESTIMATES THAT ALL COMMON AREA IMPROVEMENTS INCLUDING RESIDENTIAL STRUCTURES IN THE TOTAL PROJECT WILL BE COMPLETED BY APPROXIMATELY OCTOBER 2009.

NO ESCROW WILL CLOSE UNTIL ALL COMMON AREA IMPROVEMENTS AND RESIDENTIAL UNITS HAVE BEEN COMPLETED AND A NOTICE OF COMPLETION HAS BEEN FILED AND ALL CLAIMS OF LIENS HAS EXPIRED, OR A TITLE POLICY IS ISSUED TO EACH PURCHASER CONTAINING AN ENDORSEMENT AGAINST ALL CLAIMS OF LIENS. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE).

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 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.

WARNING: WHEN YOU SELL YOUR UNIT TO SOME ONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE RESTRICTIONS, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS' 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).

THE SUBDIVIDER MAY BE DELIVERING A WRITTEN LIMITED WARRANTY TO YOU WHICH, AMONG OTHER THINGS, STATES THAT IT IS THE ONLY WARRANTY GIVEN, EITHER EXPRESS OR IMPLIED. FOR A COMPLETE UNDERSTANDING OF ALL OF THE PROVISIONS OF THE LIMITED WARRANTY, YOU SHOULD READ IT CAREFULLY OR YOU MAY WISH TO CONSULT YOUR ATTORNEY PRIOR TO ENTERING INTO A PURCHASE CONTRACT.

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.

ARAPAHOE PLAZA WILL CONSIST OF 45 RESIDENTIAL UNITS AND 1 COMMERCIAL UNIT. THE UTILITIES FOR YOUR PROJECT WILL BE SUB-METERED. ALL OWNERS UPON ACQUISITION OF A UNIT SHALL DEPOSIT APPROXIMATELY 1 MONTH WATER BILL WITH THE HOMEOWNERS ASSOCIATION.

THE ASSESSMENTS FOR THE RESIDENTIAL UNITS SHALL BE VARIABLE AND BASED ON SQUARE FOOTAGE.

INTEREST TO BE CONVEYED:

You will receive fee title to a specified unit, an undivided fractional fee interest as tenant in common in the common area, together with a membership in the Arapahoe Plaza ("Association") and rights to use the common area.

LOCATION AND SIZE:

This subdivision is located at 991 Arapahoe Street, within the city limits of Los Angeles. Prospective purchasers should acquaint themselves with the types of city services available.

This is a single-phase project, which consists of approximately 0.612 acre on which one (1) building containing forty-five (45) residential units and one (1) commercial Unit. There are 111 parking spaces (104 residential and 7 commercial) in one-level subterranean and on-grade parking structure will be constructed.

Common amenities and/or facilities consisting of landscaping, lights, stairs, electrical room, mechanical room, water pump mechanical room, recreation room/gym-carpet, restroom, residential trash room, residential recycle room, utility room, hallways, storage, fences & walls, elevators & lift, residential parking structure, sump pumps, mechanical ventilation system, motorized gates, heating & cooling/HVAC common areas, driveway & walkways, mailboxes, water meters, cameras/security/panic alarms, boilers, water tank, project miscellaneous signs, window washing equipment, stair & other fire/smoke control fans, gym equipment, recreation room furniture, domestic water pumps & fire booster, residential garage striping, fire alarm & security systems, and emergency generator also will be constructed on Lot 1 of Tract No. 69045.

MANAGEMENT AND OPERATION:

The Arapahoe Plaza ("Association") of which you become a member at time of purchase, manages, and operates the common areas in accordance with the Restrictions, Articles of Incorporation, and the Bylaws.

MAINTENANCE AND OPERATIONAL EXPENSES:

The Subdivider has submitted budgets for the management, maintenance, and operation of the common areas and for long-term reserves. These budgets were reviewed by the Department of Real Estate in July 2009. You should obtain a copy of these budgets from the Subdivider. Under the **residential** budget, the monthly assessment against each subdivision unit ranges from \$414.34 to \$458.27 of which \$119.50 is a monthly contribution to long-term reserves and is not to pay for current management, maintenance, and operating expenses.

Under the **commercial** budget, the monthly assessment against the commercial unit will be \$264.34 of which \$94.70 is a monthly contribution to long-term reserves and is not to pay for current management, maintenance, and operating expenses.

The utility rates used for the calculations within these budgets are based on information available at the time of the budgets 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 AMOUNTS SHOWN IN THIS SUBDIVISION 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.

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 on the date of the first conveyance of a 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 made financial arrangements with escrow 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.

EASEMENTS:

Easements for utilities and other purposes are shown on the Title Report, Subdivision Map recorded in Office of the Los Angeles County Recorder in Book 1357 Pages 7 and 8 of Maps, and Condominium Plan recorded September 2, 2009 as Instrument No. 2009-1345836.

Additional amendments to the condominium plan maybe recorded. You may ask the subdivider about such changes. If you purchase a unit, this information will be included in your title policy.

CAPITALIZATION:

Recorded Declaration of Covenants, Conditions, and Restrictions, Article VII, Section 7.11, stipulates upon acquisition of record title to a Condominium, each owner of a condominium shall pay a capital contribution to the Association (start-up funds) equal to two (2) times the regular monthly assessments.

THESE FUNDS REPRESENT BUYER'S INITIAL CAPITAL CONTRIBUTION, AND ARE NOT A PREPAYMENT OF ASSESSMENTS OR A PART OF THE PURCHASE PRICE OF THE RESIDENTIAL UNIT.

RESTRICTIONS:

This project is subject to Restrictions recorded in the Office of the Los Angeles County Recorder as Instrument No. 2009-1345837 and any amendments thereto.

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

MINERAL RIGHTS:

You will not own the oil and gas rights under your land below a depth of 500 feet, per Lease recorded in Book M1333 Page 416 of official records.

Said Lease provides for no right of surface entry.

USES AND ZONING:

North of the project is residential, south and east there is an empty lot and west is an apartment building.

McArthur Park is 0.50 mile northeast, Los Angeles Convention Center, Staples Center, & Nokia Theatre are within 1 mile southeast, Civic Center is 2 miles northeast, Rosedale Cemetery is 1 mile southwest, University of Southern California is 2 miles south, Lafayette Park is 0.75 mile north, Echo Park is 2 miles northeast, Saint Vincent Medical Center is 1 mile northeast, Good Samaritan

Hospital is 1 mile east, and Shriners Hospital for Children is 1 mile north of the project.

All mileages are approximate.

HAZARDS:

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

The Hollywood Freeway #101 & Los Angeles Medical Center are 1.75 miles northeast, Harbor Freeway #110 & Santa Monica Freeway #10 is 1.25 miles southeast, Metro Station (Blue Line) is 1.30 miles southeast, Metro Station (Red Line) is 0.50 mile northeast.

San Bernardino Freeway #10 is 1 mile north, Garvey Reservoir is 0.75 mile south, Pomona Freeway #60 is 1.75 miles south, Alhambra Wash is 1.50 miles east, Whittier Narrows Dam is 3 miles southeast and Long Beach Freeway #710 is 3 miles west of the project.

All mileages are approximate.

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 voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

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 supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to

pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your local Tax Collector's Office.

ASSESSMENTS:

This subdivision lies within the boundaries of 1915 Act Bond Assessment District and is subject to any taxes, assessments and obligations thereof. You may call the County of Los Angeles, Regional Park and Open Space District for Parks & Recreation at (213) 738-2983 for further information.

CONDITIONS OF SALE:

Pursuant to Civil Code Sections 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 to 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 the 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 Profession Code).

If the escrow has not closed on your unit within one (1) year of the date of your Joint Purchase Agreement and Escrow Instruction, you may request 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 such 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:

Soils and Geologic Information is available at City of Los Angeles, Department of Building and Safety, 201 N. Figueroa Street, 4th Floor, Los Angeles, CA 90012.

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, EARTHQUAKES 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 THE SUBDIVISION.

NEIGHBORHOOD CONDITIONS:

This project is located on a busy street in a densely populated area. In addition, there are a number of commercial uses within a close distance of the project such as movie theatres, restaurants and churches. Given this, residents within the project should expect to experience certain negative conditions such as traffic noise and the like. Each buyer should understand that living in such an environment is much different than living in a detached single family home and should ensure that he or she is comfortable with this fact prior to purchasing a unit in the project.

SCHOOLS:

This project lies within the Los Angeles Unified School District, 1055 W. Seventh St., 9th Floor, Los Angeles, CA 90017, (213) 893-6850. This District advises the schools initially available to this subdivision are:

HOOVER STREET ELEMENTARY SCHOOL (k-5)
2726 Francis Avenue
Los Angeles, CA 90005

BERENDO MIDDLE SCHOOL (6-8)
1157 South Berendo Street
Los Angeles, CA 90006

ZONE OF CHOICE:

BELMONT HIGH SCHOOL (9-12)
1575 West Second Street
Los Angeles, CA 90017

MIGUEL CONTRERAS LEARNING COMPLEX (9-12)
322 South Lucas Avenue
Los Angeles, CA 90017

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 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
Subdivisions – South
320 W. 4th Street, Suite #350
Los Angeles, CA 90013-1105
(213) 576-6983**

RECEIPT FOR PUBLIC REPORT

The Laws and Regulations of the California Real Estate Commissioner require that you as a prospective purchaser or lessee be afforded an opportunity to read the public report for this subdivision before you make any written offer to purchase or lease a subdivision interest or before any money or other consideration toward purchase or lease of a subdivision interest is accepted from you.

In the case of a preliminary or interim public report, you must be afforded an opportunity to read the public report before a written reservation or any deposit in connection therewith is accepted from you.

In the case of a conditional public report, delivery of legal title or other interest contracted for will not take place until issuance of a final public report. Provision is made in the sales agreement and escrow instructions for the return to you of the entire sum of money paid or advanced by you if you are dissatisfied with the final public report because of a material change. (See California Business and Professions Code Section 11012.)

**DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED
A COPY OF THE PUBLIC REPORT AND HAVE READ IT.**

I read the Commissioner's Public Report on _____ 132987LA-F00 _____,
[FILE NUMBER]
TRACT# 69045 "ARAPAHOE PLAZA" _____
[TRACT NUMBER OR NAME]

I understand the public report is not a recommendation or endorsement of the subdivision, but is for information only.

The issue date of the public report which I received and read is: 9/14/2009 _____.

[SIGNATURE]

[DATE]

[ADDRESS]