



## COMMITTEE REPORT

**April 20, 2022**

TO: Montage at Mission Hills Board of Directors  
Montage Rio Del Sol Advisory Committee

FR: Scott Reese, Chair, Rio Del Sol Ad Hoc Committee

RE: May 2022 Rio Del Sol Ad Hoc Committee Report

### Action Requested

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1. No Action Requested
2. Receive, discuss, and file report

### Project Update

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The status of development in Rio Del Sol changed from stagnant to active in January after construction had been stalled for more than four years following Cathedral City Planning Commission approval of revisions to the Planned Unit Development in June 2018.

**Construction Begins:** On January 6, 2022 we learned of the impending start of construction ahead of the potential January 28 expiration date of building permits in the Palazzo and Montecito communities. Construction work began the third week in January with lot surveys and fine grading of lots. Work then progressed to home construction with installation foundations. Foundation work continues and now it appears that public improvements (streets, sewers, etc.) are beginning.

**Recent City Action:** On April 13, the City Council approved the assignment of four improvement agreements from Holt Opportunity Fund, L.P. to RDS Development, LLC (new name of the development group). These agreements related to each of the four remaining "community" areas to be developed (Montecito, Palazzo, Espana and Elements). The agreements identify the public improvements to be completed, the costs associated with each category of improvement (streets, sewer, water, etc.) and establish a financial security to assure the completion of improvements.

The importance of this action is the named change of the development group (Holt Opportunity Fund to RDS Development, LLC), the updating of cost estimates for the public works to be completed and the timetable for the completion of improvements (October 29, 2023). Copies of these agreements can be downloaded from the City webpage by clicking on this link or by pasting the link into your browser. [http://cathedralcityca.iqm2.com/Citizens/Detail\\_Meeting.aspx?ID=2162](http://cathedralcityca.iqm2.com/Citizens/Detail_Meeting.aspx?ID=2162)

Associated with these actions is the naming of GHA Builders as the builder replacing Rilington Group (La Quinta). We all know GHA as the builder of Montage and Aldea at the Vistas and many other successful developments in the desert.

**Recent State Action:** According to the Department of Real Estate (DRE) the Montecito Community, the developer has completed and received a "Conditional Public Report." The DRE ensures that developers comply with real estate and subdivided land laws when offering new homes or lots for sale and that the developer also delivers to buyers what was agreed to at the time of purchase.

Subdivisions under DRE jurisdiction cannot be offered for sale or lease until appropriate documentation has been reviewed by DRE and a Conditional or Final Public Report is obtained for the subdivision. Public reports contain information of importance to buyers including covenant, conditions and restrictions which govern the use of property, costs and assessments for maintaining homeowners' associations and common areas, and other material disclosures. A developer/builder is required to provide a copy of the public report to a prospective buyer before the buyer becomes obligated to purchase a lot or unit within the subdivision and also to any prospective purchaser who requests it.

The Conditional Public Report allows Holt/GHA to advertise, take reservations and deposits, enter into purchase contracts and open escrows. The report indicates Holt/GHA have submitted a complete DRE filing but were waiting for something to happen before they could obtain a Final Public Report (probably approval of the documents recently before City Council or the completion of document review by DRE).

According to Holt/GHA the Conditional Report was filed on February 18. It generally takes approximately 60 -70 days until DRE reviews the file for the first time. If a deficiency notice is issued, DRE has another 30 days to review the deficiency items. Once the file has been "perfected", the DRE has 15 days to issue the Public Report. A Final Public Report allows the subdivider to do all of the above AND close escrows. Based upon the February 18 date it is likely that the Final Public Report is soon to be issued.

Attached is a copy of the DRE Conditional Report for the Montecito portion of the Development.

**Neighborhood Organization:** In recent months, with the encouragement of the Montage Committee and Board we have reached out to the Boards of our neighboring developments in Aldea at the Vistas and Rancho Villages and encourage their establishment of similar RDS ad hoc committees. Both have now done so. Impacts to Aldea (9 homes) and Rancho (11 homes) will likely be greater than those to Montage (7 homes direct / 6 homes indirect) because of Montecito and Espana home density, lot elevation difference and setback proximity.

We have shared all of the information and resources we have gathered over the last four years, for which we have received many thanks from our neighbors. We will continue to cooperate and coordinate with groups of individuals in both developments as we work to find ways to mitigate construction related and post construction/occupant impacts.

**Information and Outreach:** With the reactivation of the project the developer/builder will have staffing to assume much of the public information role. We have been successful in encouraging the developer to provide monthly project updates rather than to engage in a continuous back and forth of emails from numerous homeowners and committee sources. The updates will be published/distributed during the first week of the month. The "flyers" as they are being called,

identify work recently completed, work current underway and work projected to be initiated in the next 30-60 days.

With the developer accepting this responsibility the Montage Ad Hoc committee will transition to a new role moving from information gathering and distribution to impact mitigation assessment and mitigation planning. We will focus on interpreting /clarifying the flyer information and with goal of turning that information into actionable ideas. We will also actively be soliciting questions and concerns from our members for forwarding to the builder, City or other appropriate source for response. If you have any questions, you would like answered, please forward them to [scott.o.reese@gmail.com](mailto:scott.o.reese@gmail.com) for forwarding onto the developer.

We will accomplish this by annotating the flyer or producing a report over the builder flyer referencing flyer content. The first annotated update is attached.

## **Next Steps**

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The construction of the first 25 homes is reasonably assured at the point. Models of the Palazzo homes are projected to be complete by July. A marketing and pricing plan is in the works. The developer/builder is proposing “virtual models” for Montecito homes. (We have asked for a clarification of the virtual model terminology but have not received a developer response.)

Although these 25 homes are generally infill lots (between existing homes) and do not significantly impact Montage, it may not be long before subsequent phases of development do. It is important that impacted residents earnestly begin to devise and implement any improvements they may be considering to mitigate the noise, view, and or solar impacts associated with construction and post-construction occupant activity because some strategies may rely on being first in place to be effective and permanent. (Example: solar shading strategies).

Our goal now is to do as much to help residents understand the direct impacts to their homes as we can and to aid members in identifying, developing and share strategies to mitigate those impacts. This involves developing a shared knowledge about building codes and permit process, noise and light impact ordinances, solar access protections, landscape and auditory screening, landscape amenity design etc.

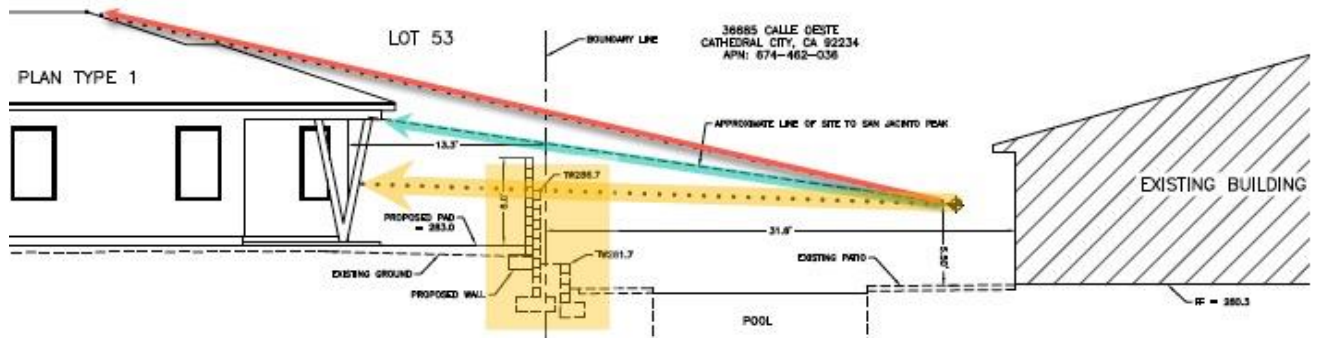
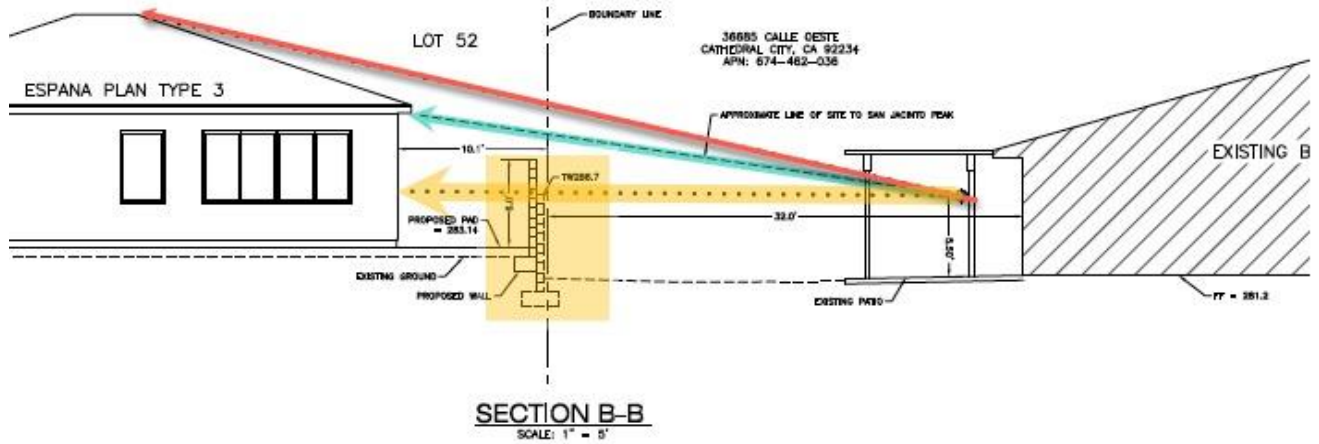
A copy of a cross section demonstrating the significant impact to Rancho Village homeowner views to Mount San Jacinto is attached. Note this cross section is likely is a “best case” scenario and does not accurately represent view impacts in Montage or Aldea ATV which will be more severe. We have requested copies of the exhibits developed for presentation to the Montage HOA and the Aldea ATV HOA but have received no developer response.

## **Attachments**

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- Developer April Monthly Flyer
- City Staff Report - Tract No. 28561-1 and 28561: Rio Del Sol area: Approval of the Assignment of Two Improvement Agreements from Holt Opportunity Fund, L.P. to RDS Development, LLC
- Assignment and Assumption Agreement and Amendment to Improvement Agreement for Rio Del Sol - Montecito
- DRE Conditional Report for the RDS Montecito Community

**NEW ESPANA VIEWSHED IMPACTS TO EXISTING RANCHO VILLAGE HOMES**  
**Enlarge page to improve visibility**



**Viewshed Diagram demonstrating best case scenario of mountain view impacts to current Rancho Villages homes by proposed Espana Community homes. Diagram demonstrates full mountain view loss. New Montecito Community home impacts to views from existing Montage and Aldea ATV homes will differ based upon new Montecito home floor elevations, roof peak elevations and roof orientation. Impacts to Montage and Aldea ATV are thought to be more severe.**

**Green Line** demonstrates the current trajectory of the view from patio to top of Mount San Jacinto. Note that new home completely blocks view to mountains.

**Red Line** demonstrates the view from patio to peak of roof.

**Yellow Line** demonstrates the view from patio across the top of the current rear lot line wall. Note that proposed new wall will be between 18" and 36" above current rear walls.

# RIO DEL SOL – DEVELOPMENT ACTIVITY UPDATE

**TO:** Communities at Aldea / Montage / Rancho / Date Palm

**FROM:** RDS Development, LLC

**DATE:** April 12, 2022

**SUBJECT:** Rio Del Sol – Monthly Activity Update

**INTRODUCTION:** Hello – This is the first monthly flyer designed to provide adjoining communities with a general update on development activities and progress to construct new homes at Rio Del Sol. We are excited to provide this information and hope you will find it helpful.

## **HOMEBUILDING:**

- **1<sup>st</sup> RELEASE HOMES – CONSTRUCTION STATUS:** The 1<sup>st</sup> Phase of new homes consists of eleven (11) Montecito units and fourteen (14) Palazzo units. The Palazzo Village will include three (3) models, along with **virtual models for Montecito.**<sup>1</sup> Construction started in January, 2022, and completion of the models is anticipated for July, 2022. The new homes are generally located in the middle of the project. The homes range from 1,613 to 2,274 square feet. The Lots released at Palazzo are 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 20, 21, 22 and 26. The Lots released at Montecito are 32, 33, 34, 45, 46, 47, 49, 50, 54, 55 and 60.
- **1<sup>st</sup> RELEASE HOMES – SALES / PRICING:** **The DRE has issued a Conditional Public Report**<sup>2</sup> for some of the homes in the 1<sup>st</sup> Release. The sales program and marketing campaign have started. Pricing for the homes is being developed and will be available on the Rio Del Sol website soon (see below).
- **GHA COMPANIES – HOME BUILDER:** We are proud to have GHA Companies as our home builder at Rio Del Sol. GHA has a reputation for delivering a quality home and is supported by a highly qualified team of professionals. We are confident that our team will successfully deliver on the vision of the Community.
- **SUBSEQUENT RELEASES – NEW HOMES:** The next release of homes is anticipated to be selected within the next month. Once selected, we will provide a list.

1. Developer has not yet responded to request for information clarifying virtual models and whether proposed Montecito models will not be sold in first phase.

2. DRE is the California Department of Real Estate and a Conditional Public Report is a review of the documents required to market and sell homes and establish an HOA. Conditional Public Report attached for reference.

## **LAND DEVELOPMENT & SITEWORK:**

- **PROJECT PERIMETER WALLS:** We are currently in the design-phase, including boundary topography, for the Community perimeter walls. The boundary elevations were substantially established under mass grading performed by the prior developer and consistent with the approved plans. The wall design and height (6') will be consistent with City standards, the land use approval and **the cross-sections shared during the land use approval process with the surrounding neighborhoods**<sup>3</sup> (community outreach meetings). After the design work is complete, we will provide lot-specific information (height, materials and coordination) to the affected lots in the adjoining communities. **For reference, the shared cross-sections are attached to this transmittal.**

3. Attached cross section is for Rancho Village Homes only and does not accurately represent impacts to Montage or Aldea at the Vistas Homes. Impacts to some Montage and Aldea at the Vistas homes will likely be more significant.

- SITE IMPROVEMENTS (street completion work): Completion of some storm and existing pavement improvements will be commencing within the next few weeks. From commencement, the work is anticipated to take 8-12 weeks.
- SITE DEVELOPMENT (new infrastructure improvements): We will provide prior notification for construction of infrastructure improvements once construction phases and schedules have been established. This work will consist of construction of the utilities and streets required to serve the future residences.

### **MISCELLANEOUS**

- LANDSCAPING: For common, HOA-maintained and other applicable areas, landscaping will be in accordance with the City-approved plans and other applicable agency codes.
- DUST, TRASH, LOUD MUSIC AND WORK HOURS: With respect to these types of issues, please first contact the GHA Construction Manger, Ricardo Linares at any time during normal business hours. If no response or outside of business hours, contact the **Project Dust Control** Manager (Silverio Sandoval for dust control issues). Noel Humphrey is also available as a secondary contact.
  - Ricardo Linares – [ricardo@ghacompanies.com](mailto:ricardo@ghacompanies.com) 760.275.4705
  - Silverio Sandoval - 760.851.4842
  - Noel Humphrey – [noelhumphrey@live.com](mailto:noelhumphrey@live.com) 949.374.3525
- WEBSITE: The Rio Del Sol website can be found at <https://ghariodelsol.com/>. More detailed information will be available soon. The website will ultimately contain rendered elevations and floor plans, as well as pricing.

We appreciate your patience during our construction activities and look forward to providing you monthly updates on our forward progress.

4. If you do not get a response within one hour, contact the City of Cathedral City Building Department.  
 City of Cathedral City - Building Department – 1-760-770-0367

You may also register a formal complaint on line via South Coast Air Quality Management District.  
 South Coast Air Quality Management District - 1-800-288-7664  
 To file a Dust Control Complaint: <http://www3.aqmd.gov/webappl/complaintsystemonline/NewComplaint.aspx>

Here are some additional air quality related links.  
 South Coast AQMD Advisory updates: <http://www.aqmd.gov/advisory>

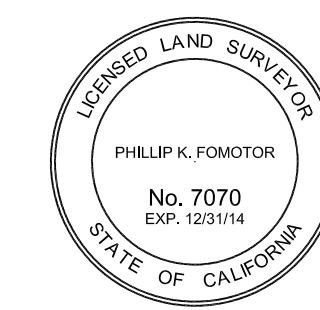
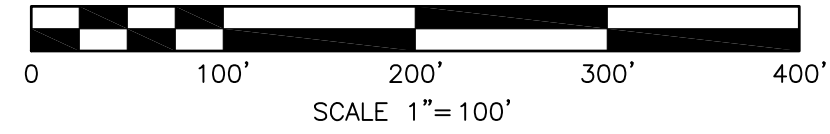
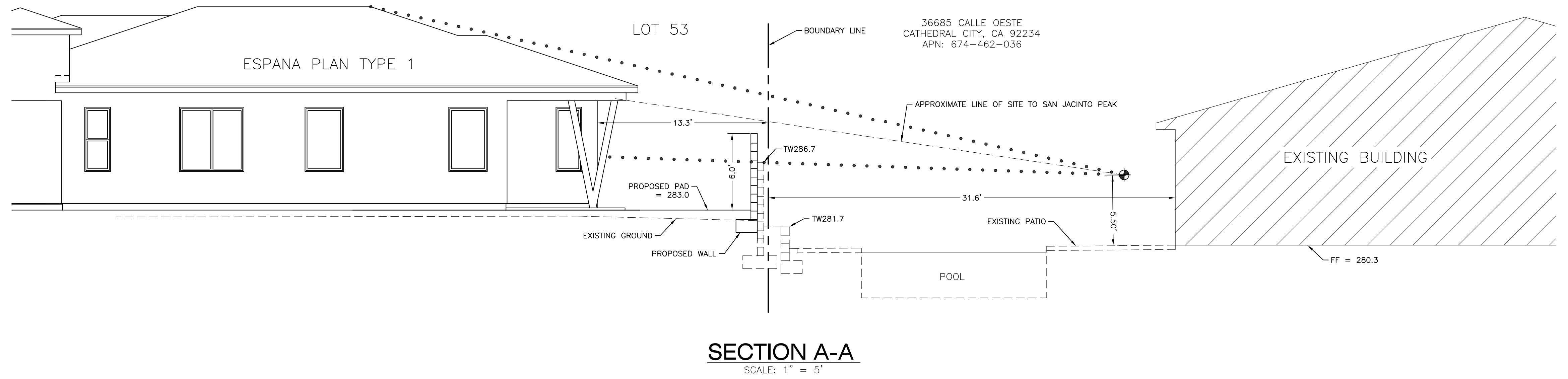
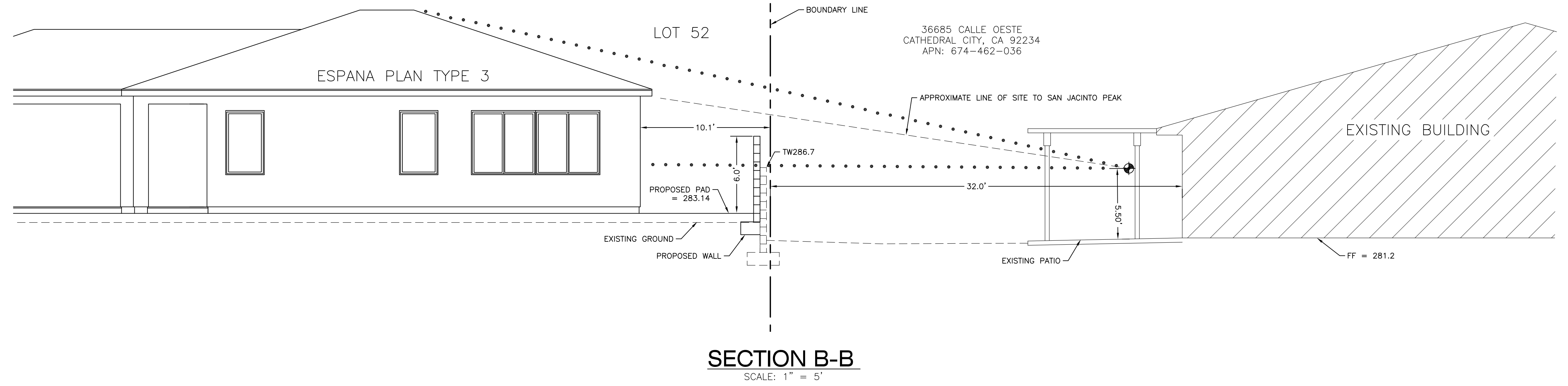
- To subscribe to air quality alerts, advisories and forecasts: <http://AirAlerts.org>
- To view current air quality conditions in an interactive map: <http://www.aqmd.gov/aqimap>

For real-time air quality information, maps, notifications and health alerts in your area, download South Coast AQMD app at: <http://www.aqmd.gov/mobileapp>

- For Air quality forecasts: <http://www.aqmd.gov/forecast>
- For High Wind Forecasts for the Coachella Valley call (909) 396-2399 or 1-800-CUT-SMOG

# SITE VIEW EXHIBIT

CITY OF CATHEDRAL CITY, STATE OF CALIFORNIA



**FOMOTOR ENGINEERING**

225 S. CIVIC DRIVE, SUITE 1-5  
PALM SPRINGS, CA. 92262  
(760) 323-1842 FAX (760) 323-1742

CITY OF CATHEDRAL CITY, STATE OF CALIFORNIA

**SITE VIEW EXHIBIT**

RIO DEL SOL

DATE OF SURVEY: 11/2018

SHEET 1  
OF  
1 SHEETS



# Staff Report

## City Council

Cathedral City

Item No. 5.L

**Meeting Date:** April 13, 2022

**From:** John Corella, Director of Engineering/Public Works

**Title:** **Tract No. 28561-1 and 28561: Rio Del Sol area: Approval of the Assignment of Two Improvement Agreements from Holt Opportunity Fund, L.P. to RDS Development, LLC**

City Council

### **RECOMMENDATION:**

Approve an Assignment of the Improvement Agreement with Holt Opportunity Fund, LP, executed on December 12, 2019, for improvements in the Montecito village portion of the Rio Del Sol development, to RDS Development, LLC; and, to approve the Assignment of the Improvement Agreement with Holt Opportunity Fund, LP, executed on December 12, 2019, for improvements in the Palazzo village portion of the Rio Del Sol development, to RDS Development, LLC; and, to authorize the City Manager and City Clerk to execute the Assignments in a form approved by the City Attorney.

### **BACKGROUND:**

Tentative Tract Map No. 28561, for the development of a 276 single family lot Planned Unit Development (PUD 97-4) in the Rio Del Sol Development, was approved by City Council in September 1997. The planned development was on a 50-acre parcel of Indian allottee land, located south of Gerald Ford Drive, opposite Plumley Road.

The first increment of this map, Tract 28561-1, which consisted of 127 lots, was recorded in September 2002 by the lessee subdividers, DME LLC, and RDS Villages, LLC. In October 2003, the same subdividers recorded the second and final increment of this tentative map, Tract 28561, of 159 lots. This second map re-subdivided several lots within the first map, and after a number of lot line adjustments and mergers, a total of 270 lots were available for development.

Subdivision Agreements and improvement securities were posted to guarantee completion of all public and private improvements in both Tracts.

The original subdividers experienced financial difficulties and market problems, and construction stopped. As a result, the required street and infrastructure improvements were only partially completed, and the original subdividers eventually were foreclosed upon and lost the property.



The remaining vacant lots of the unfinished tracts went through several bank ownerships, and respectively, several private developers made attempts to revive the development, but none were successful in moving a project forward. A total of 56 lots were eventually completed with single family homes.

Over a period of time, Holt Opportunity Fund (Parallel-1), 2013, LP, a Delaware limited partnership (“Holt”), eventually assumed the subleases on all the vacant lots, and have been working diligently on plans to complete the original PUD development by building out the vacant lots in four phases, which they refer to as Montecito (57 lots), Palazzo (73 lots), Espana (28 lots) and Elements (56 lots).

Holt submitted an amendment to the original PUD plan, to allow changes in some property line to structure setbacks, which were approved by the Planning Commission in June 2018. The proposed floor plans and building elevations for the four (4) new phases were found to be consistent in material and scale and complimentary to the existing Rio Del Sol homes.

Holt executed two Improvement Agreements, one for the Montecito area and one for the Palazzo area, which were approved by City Council in October 2019. In these Agreements, Holt agreed to complete the missing public and private improvements in each phase within 24 months of the Council approval and prior to issuance of occupancy permits on any of the new homes proposed within each phase. Those improvements consist generally of the capping, repair or construction of private streets, installation of sewer and water systems, utilities, drainage systems, and landscaping and irrigation, and the setting of final survey monuments and property corners.

As was done for the DR Horton Project in Rio Vista/Verano area, the two Improvement Agreements provided that improvement securities were to be posted prior to the City’s issuance of a Certificate of Occupancy on any of the lots in either phase. The two Agreements were very similar to the City’s standard Subdivision Agreement, except that the Tract Maps have already been recorded.

Holt’s efforts to move ahead were further delayed, however, due to difficulty in finding a builder and difficulty clearing title to the many subleases involved through the Bureau of Indian Affairs. As a result, although both Agreements are still in effect, no building permits in either the Montecito or Palazzo areas, or any other phases have been issued.

## **DISCUSSION:**

### **Assignment and Assumption Agreements:**

Holt Opportunity Fund made a business decision to transfer all its holdings in Rio Del Sol to RDS Development, LLC, a California limited liability company (RDS), a wholly owned subsidiary of Holt. Since this involved Indian allottee land, approval of this transfer and modification of the Indian business leases required the approval of the Bureau of Indian Affairs (BIA). This transfer and approval also took some time and was finally approved by the BIA.

Since ownership of the land has changed, respectively, the principal on each of the Improvement Agreements must be changed from Holt to RDS. Per the terms of the Agreements, when such a change in ownership occurs, an Assignment and Assumption must be executed and approved by the new owner.

Two separate Assignment and Assumption Agreements (Assignment Agreements) have been prepared and executed by both parties: Holt and RDS. In these Assignment Agreements, Holt assigns all of its rights and obligations under the Improvement Agreements to RDA, and RDA accepts and assumes those obligations in place of Holt.

Also in the two Assignment Agreements, the terms of the original Assignment Agreements have been extended by another two (2) years. This requires the new principal, RDS, to complete the required improvements in each phase within two (2) years of the date of approval of these Assignment Agreements by the City Council.

As in the existing Improvement Agreements, RDS agrees that prior to the final inspection of any new dwelling unit in either phase or approval of an occupancy permit, RDS will post improvement securities in the amounts specified in the Assignment Agreements, as a guarantee of the completion of the required improvements.

**Environmental Summary:**

During previous plan and time extension reviews and the current action today, it has been determined that since the approval of the original CEQA Negative Declaration for the Tentative Tract and PUD, there have been no substantial changes to the overall Project, no new significant environmental effects, no substantial increase in the severity of any previously identified impacts, and no new information of substantial importance which would modify the conclusions reached in the original Negative Declaration.

Staff is requesting that the City Council approval an Assignment of the Improvement Agreement with Holt Opportunity Fund, LP, executed on December 12, 2019, for improvements in the Montecito village portion of the Rio Del Sol development, to RDS Development, LLC; and, to approve the Assignment of the Improvement Agreement with Holt Opportunity Fund, LP, executed on December 12, 2019, for improvements in the Palazzo village portion of the Rio Del Sol development, to RDS Development, LLC; and, to authorize the City Manager and City Clerk to execute the Assignments on behalf of the City in a form approved by the City Attorney.

**FISCAL IMPACT:**

There is no fiscal impact to the City as a result of this action.

**ATTACHMENTS:**

Rio Del Sol Vicinity Map  
RDS Assignment SIA Palazzo  
RDS Assignment SIA Montecito

RECORDING REQUESTED BY: CITY CLERK  WHEN RECORDED RETURN TO:  City Clerk City of Cathedral City 68-700 Avenida Lalo Guerrero Cathedral City, CA 92234	
	SPACE ABOVE THIS LINE FOR RECORDER'S USE

**ASSIGNMENT AND ASSUMPTION AGREEMENT AND AMENDMENT TO  
IMPROVEMENT AGREEMENT FOR TRACT NO. 28561-1 AND 28561:  
RIO DEL SOL: MONTECITO**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT AND AMENDMENT TO IMPROVEMENT AGREEMENT (“Assignment and Amendment”) is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, by and among the CITY OF CATHEDRAL CITY, a municipal corporation of the State of California (“City”), HOLT OPPORTUNITY FUND (PARALLEL-1, 2013, L.P., a Delaware Limited Partnership (“Assignor”), and RDS DEVELOPMENT, LLC, a California Limited Liability Company (“Assignee”).

**RECITALS**

A. City and Assignor previously entered into an Improvement Agreement, (“Original Agreement”), dated October 23, 2019, and recorded on December 12, 2019, as Instrument No. 2019-0513612, in Official Records of Riverside County, California, pursuant to which Assignor, as the “Developer” defined in said Original Agreement, agreed to plan for, install, and construct certain public and private improvements in those portions of Tracts No. 28561 and 28561-1, known as Rio Del Sol, defined in said Original Agreement as the “Montecito” area of Tracts No. 28561-1 and 28561.

B. Assignor desires to convey its interest in said Tracts No. 28561-1 and 28561 to Assignee. In conjunction with such transfer, Assignor desires to assign the Original Agreement and all of Assignor’s rights and obligations thereunder, to Assignee, and Assignee desires to assume Assignor’s position with respect to the original Agreement and of Assignor’s rights and obligations under the Original Agreement subject to the terms and conditions of this Assignment and Assumption Agreement and Amendment.

C. Section 1.(b) of the Original Agreement required that all of the public and private improvements work described in said Agreement was to have been completed by Developer within twenty-four (24) months of the date of said Agreement, but not all of such improvements as required by the original Agreement were completed by that time.

D. Section 20 of the Original Agreement provides that for good cause, the time for completion of the improvements may be extended. Assignee desires such an extension and City is agreeable to an extension.

E. Section 2(a) of the Original Agreement provides that prior to the final building inspection and issuance of a Certificate of Occupancy for any dwelling unit on any of the lots or parcels described in Exhibit "A" of the original Agreement (the Montecito area of Rio Del Sol), Developer was to post certain Improvement Securities, in the amounts and for the purposes specified in Exhibit "B-1" of the Original Agreement. No requests for inspections have been made by Developer, but the amounts and purposes of certain of the required Improvement Securities require updating due to the age of the original cost estimates made for the Improvement Securities. and because of changes in the location and extent of the improvements to be constructed and installed.

F. In connection with the foregoing described assignment and assumption, the City and Assignee have agreed to certain modifications to the Original Agreement as set forth herein, to be effective upon full execution of this Assignment and Assumption Agreement and Amendment by all the parties hereto.

## **AGREEMENT**

NOW, THEREFORE. In consideration of the foregoing Recitals and the covenants and promises hereinafter contained, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals: The Recitals set forth above are true and correct and are hereby incorporated into this Assignment and Assumption Agreement and Amendment by this reference as though set forth in full herein.

2. Original Agreement: A full copy of the Original Agreement, dated October 23, 2019, and recorded on December 12, 2019, as Instrument No. 2019-0513612, in Official Records of Riverside County, is hereby incorporated into and made a part of this Assignment and Amendment by this reference.

3. Time Extension. Section 1(b) of the Original Agreement is hereby amended to read as follows:

"1(b): Assignee shall complete at its own expense, all the public and private improvements and related work within Tracts 28561-1 and 28561, as required by the conditions of approval of the tentative map of Tract 28561, in conformance with the approved plans and city standards, including without limitation those improvements set forth in "Amended Exhibit B-1" and shown in "Exhibit B-2" (hereinafter collectively the "improvements"), attached hereto, on or before October 23, 2023 (the "Amended Completion Date") unless a time extension is granted by the City as authorized by Section 20 of the Original Agreement."

4. Improvement Securities: Pursuant to the Original Agreement, Assignee hereby agrees to post Improvement Securities in the amounts and for the purposes set forth in Section 2 of the Original Agreement, and as amended herein. All such securities shall be posted with the City prior to City's final building inspection and issuance of a Certificate of Occupancy for any single family dwelling constructed by Assignee, its agents, assigns or contractors, on any lot within the property as described in Exhibit "A" of the Original Agreement. Assignee's securities shall be in full compliance with the terms and conditions of the Original Agreement and this Assignment and Assumption Agreement and Amendment.

5. Amendment of Improvement Securities: Section 2 of the Original Agreement which specifies the amounts of the improvement securities to be posted by Assignee for the purposes as described in Section 2, is hereby amended as follows:

Sections 2(a)(i) through 2(a)(vi) in the Original Agreement are hereby deleted and are replaced by the following:

Section 2(a)(i) : One Million Two Hundred Sixty Four Thousand Three Hundred dollars (\$ 1,264,300.00) to ensure faithful performance of the construction and installation of the improvements required by this Agreement ("Performance Security"), which amount is 100% of the estimated cost of the improvements set forth in "Amended Exhibit B-1" and shown in "Exhibit B-2".

Section 2(a)(ii) Six Hundred Thirty Two Thousand One Hundred Fifty dollars (\$ 632,150.00) to ensure payment to any contractor, subcontractor, persons renting equipment or furnishing labor or materials for the improvements required to be constructed or installed pursuant to this Agreement ("Labor and Materials Security"). which amount is 50% of the estimated cost of the improvements set forth in "Amended Exhibit B-1" and shown in "Exhibit B-2".

Section 2(a)(iii) One Hundred twenty Six Thousand Four Hundred Thirty dollars ( \$ 126,430.00) in the form of a warranty bond or cash deposit with the City to guarantee or warranty the improvement work done pursuant to this Agreement for a period of one (1) year following acceptance or certification thereof by City, against any defective work or labor done or defective materials furnished ("Warranty Security"), which amount is 10% of the estimated cost of the improvements set forth in "Amended Exhibit B-1" and shown in "Exhibit B-2", and such Warranty Security must be provided to City prior to City's release of any bonds or improvement securities filed by Assignee pursuant to this Agreement or to the Assignment and Amendment.

Section 2(a)(iv) Eight Thousand dollars (\$ 8,000.00 ) in the form of a cash deposit, which is 100% of the estimated cost of setting all final subdivision monuments, boundary corners, front and rear lot corners and centerline ties not previously set or submitted on the lots and streets within the property described in Exhibit "A" hereto and shown in "Exhibit B-2" attached to the Assignment and Amendment, and for the preparation and

recording of any related or required Certificate of Correction, as required by Section 66469 of the State Subdivision Map Act.

6. Assignment and Assumption: Assignor hereby transfers and assigns to Assignee all of Assignor's rights, title and interest in and to the obligations under the Original Agreement, and Assignee hereby assumes all rights, title and interest in and to any obligations under the Original Agreement and this Assignment and Assumption Agreement and Amendment. City hereby consents to the foregoing assignment and assumption, subject to the terms and conditions set forth herein.

7. Solvency: As a material inducement to the City to enter into this Assignment and Assumption Agreement and Amendment, Assignor hereby represents and warrants to City, and the City hereby relies on Assignor's representations and warranty, that Assignee is solvent and has the financial capability of fulfilling each and every obligation and duty it takes on by way of this Assignment and Assumption Agreement and Amendment. In the event that the Assignee fails to perform its obligations and duties in the manner and time frame provided for in the Original Agreement and this Assignment and Assumption Agreement and Amendment, and the City incurs any costs in pursuing the Improvement Security, or if the Improvement Security is unavailable or insufficient to complete the required improvements, then Assignor shall at its sole expense complete the improvements and reimburse the City for any and all costs incurred by the City in connection with enforcing or attempting to enforce the obligations it is assigning Assignee.

8. Notice: Section 21 of the Original Agreement is hereby amended as follows:

Notice: All notices required by or provided for under this Agreement shall be in writing and delivered in person or sent by certified or registered mail, postage prepaid and addressed as provided in this section. Notice shall be effective on the date it is delivered in person, or if mailed, on the date of deposit in the United States mail. Notices shall be addressed as follows unless a written change of address is filed with the City by the parties:

Notice to City:	City of Cathedral City 68-700 Avenida Lalo Guerrero Cathedral City, CA 92234 Attn: City Manager
With a copy to:	Burke, Williams and Sorensen, LLP 1600 Iowa Ave. Suite 250 Riverside CA 92507
Notice to Assignee:	RDS Development, LLC 1300 Esther Street, Suite 200 Vancouver WA 98660

9. Modification and Amendments: This Assignment and Assumption Agreement and Amendment, and the Original Agreement, may be modified or amended only by a written instrument, signed by all parties.

10. Severability: If any one or more of the sentences, clauses, paragraphs or sections contained herein is declared invalid, void or unenforceable by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this Assignment and Assumption Agreement and Amendment, and shall not affect, impair or invalidate any of the remaining sentences, clauses, paragraphs or sections contained herein.

11. Original Agreement: All other terms, conditions, covenants and agreements set forth in the Original Agreement shall remain in full force and effect.

(signatures follow on next page)

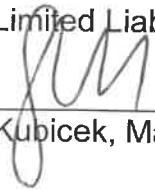
IN WITNESS WHEREOF, the Parties have executed this Assignment and Amendment as of the date above first written.

**ASSIGNOR:**

HOLT OPPORTUNITY FUND (PARALLEL-1)  
2013, L. P. , a Delaware Limited Partnership

By: HOF MANAGEMENT, LLC  
A Delaware Limited Liability Company  
Its General Partner

By: HOLT HOLDINGS, LLC  
A Delaware Limited Liability Company

By:   
Greg Kubicek, Manager

**ASSIGNEE:**

RDS DEVELOPMENT, LLC  
A California Limited Liability Company

By: HOLT GROUP HOLDINGS, LLC  
A Delaware Limited Liability Company  
Its Sole Member

By:   
Greg Kubicek, Chairman

**CITY:**

CITY OF CATHEDRAL CITY  
A Municipal Corporation

By: \_\_\_\_\_  
Charles P. McClendon  
City Manager

**ATTEST:**

\_\_\_\_\_  
Tracey R. Martinez, CMC, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

\_\_\_\_\_  
Eric Vail, City Attorney

\_\_\_\_\_  
John Corella,  
Dir. Of Engineering/Public Works

Attachments: Exhibit "A"  
"Amended Exhibit B-1" and "Exhibit B-2"



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF CLARK )

On this 2<sup>nd</sup> day of March, 2022, before me, personally appeared Greg Kubicek, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity as Sole Member of Holt Holdings, LLC, a Delaware limited liability company, as Sole Member of HOF Management, LLC, a Delaware limited liability company, as General Partner of Holt Opportunity Fund (Parallel 1), 2013, L.P., a Delaware limited partnership, and that by his signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

NOTARY PUBLIC  
STATE OF WASHINGTON  
LYNNE E GRAY  
COMMISSION NO. 206878  
MY COMMISSION EXPIRES  
APRIL 18, 2023

Lynne E. Gray  
Notary Public for the State of Washington  
Residing at La Center, WA  
My Commission Expires: 04/18/2023

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF CLARK )

This record was acknowledged before me on March 2, 2022, by Greg Kubicek, as Chairman for Holt Group Holdings, LLC, Sole Member of RDS Development, LLC.

NOTARY PUBLIC  
STATE OF WASHINGTON  
LYNNE E GRAY  
COMMISSION NO. 206878  
MY COMMISSION EXPIRES  
APRIL 18, 2023

Lynne E. Gray  
Notary Public for the State of Washington  
Residing at La Center, WA  
My Commission Expires: 04/18/2023

**EXHIBIT "A"**  
**LEGAL DESCRIPTION OF "MONTECITO" PROPERTY**

*Montecito legal description*

LOTS 28, 29 AND 30 AND LETTERED LOT E OF TRACT NO. 28561-1 AS SHOWN ON A MAP FILED IN BOOK 323, PAGES 35 TO 49, INCLUSIVE OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

ADJUSTED LOTS 31, 32 AND 33 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2004-385, RECORDED OCTOBER 7, 2004 AS INSTRUMENT NO. 2004-797891, OF OFFICIAL RECORDS, BEING LOTS 31, 32 AND 33 OF TRACT NO. 28561-1, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ADJUSTED LOTS 34 AND 35 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2004-386, RECORDED OCTOBER 7, 2004 AS INSTRUMENT NO. 2004-797892, OF OFFICIAL RECORDS, BEING LOTS 34 AND 35 OF TRACT NO. 28561-1, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ADJUSTED LOTS 45 AND 46 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2004-361, RECORDED JUNE 3, 2004 AS INSTRUMENT NO. 2004-421697, OF OFFICIAL RECORDS, BEING A PORTION OF LOTS 45 AND 47 AND ALL OF LOT 46 OF TRACT NO. 28561-1, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED

IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

MODIFIED LOT 47 AND ADJUSTED LOTS 49 AND 50 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2004-377, RECORDED AUGUST 24, 2004 AS INSTRUMENT NO. 2004-0667902, OF OFFICIAL RECORDS, BEING LOTS 47 TO 49, INCLUSIVE AND A PORTION OF LOT 50 OF TRACT NO. 28561-1, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

MODIFIED LOT 54 AND ADJUSTED LOT 55 AS SHOWN ON CERTIFICATE OF COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-379, RECORDED AUGUST 24, 2004 AS INSTRUMENT NO. 2004-0667904 OF OFFICIAL RECORDS. BEING A PORTION OF LOTS 53, 54 AND 55 OF TRACT NO. 28561-1, AS PER MAP RECORDED IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ADJUSTED LOT 60 AS SHOWN ON CERTIFICATE OF COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-381, RECORDED AUGUST 24, 2004 AS INSTRUMENT NO. 2004-0667906 OF OFFICIAL RECORDS. BEING A PORTION OF MERGED LOTS 59 AND 60 AND PORTION OF LOT 58 OF TRACT NO. 28561-1, AS PER MAP RECORDED IN BOOK 323 PAGES 35 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ADJUSTED LOT H AS SHOWN ON CERTIFICATE OF  
COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-358

RECORDED JUNE 03, 2004 AS INSTRUMENT NO. 2004-0421694  
OF OFFICIAL RECORDS. BEING A PORTION OF LOT H TRACT  
NO. 28561-1, AS PER MAP RECORDED IN BOOK 323 PAGES 35  
THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE  
COUNTY RECORDER OF SAID COUNTY.

LOTS 1 TO 41, INCLUSIVE AND LETTERED LOTS A, E, F, G AND  
I OF TRACT NO. 28561 AS SHOWN ON A MAP FILED IN BOOK  
343, PAGES 15 TO 22, INCLUSIVE OF MAPS, RECORDS OF  
RIVERSIDE COUNTY, CALIFORNIA.

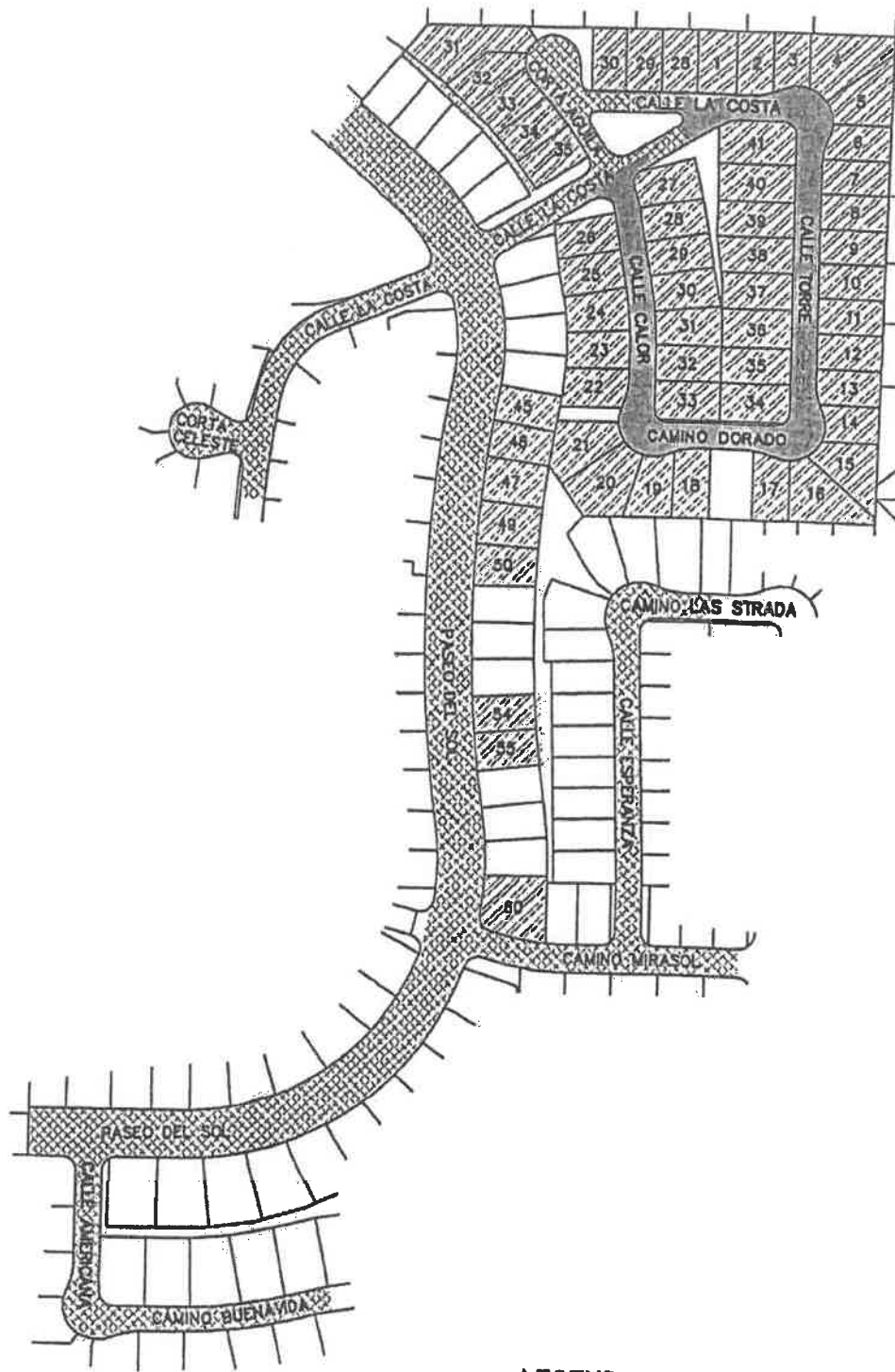
**AMENDED EXHIBIT "B-1" "MONTECITO"**

**ESTIMATED COST OF IMPROVEMENTS AND REQUIRED SECURITY AMOUNTS**

The following estimates are based upon a cost estimate from Fomotor Engineering, dated January 13, 2022

STREET IMPROVEMENTS:	\$ 341,031
STORM DRAIN IMPROVEMENTS:	96,900
COMPLETION OF PASEO DEL SOL:	456,088
SUBTOTAL:	\$ 894,019
PLUS 15% CONTINGENCIES:	134,103
TOTAL:	<u>\$1,028,122</u>
ROUNDED TOTAL:	<b>\$ 1,028,100</b>
WATER IMPROVEMENTS:	\$ 96,161
SEWER IMPROVEMENTS:	109,200
SUBTOTAL:	\$ 205,361
PLUS 15% CONTINGENCIES:	30,804
TOTAL:	\$ 236,165
ROUNDED TOTAL:	<u>\$ 236,200</u>
GRAND TOTAL:	<b>\$ 1,264,300</b>
<b>REQUIRED SECURITIES (Note 1):</b>	
<b>FAITHFUL PERFORMANCE SECURITY:</b>	<b>\$ 1,264,300</b>
<b>LABOR &amp; MATERIALS SECURITY:</b>	<b>\$ 632,150</b>
<b>WARRANTY SECURITY:</b>	<b>\$ 126,430</b>
<b>MONUMENTATION CASH SECURITY:</b>	<b>\$ 8,000</b>

**Note 1: Improvement securities to be posted prior to final inspection of release of any single family dwellings. Warranty security to be posted prior to City acceptance of tract improvements or release of faithful performance or labor and materials securities.**



SCALE 1"=250'

DATE PREPARED: 12/27/2021

## EXHIBIT B-2

### LEGEND



STREET COMPLETION



NEW STREET



HOMESITES IN MONTECITO NEIGHBORHOOD

**MONTECITO**  
STREET IMPROVEMENTS

**FOMOTOR ENGINEERING**  
225 S. CIVIC DRIVE, SUITE 1-5, PALM SPRINGS, CA. 92262  
PHONE: (760) 323-1842 FAX: (760) 323-1742  
EMAIL: PHILIP@FOMOTOR.COM

*Department of Real Estate  
of the  
State of California*

*In the matter of the application of*

**RDS DEVELOPMENT, LLC,**  
a California limited liability company

**CONDITIONAL SUBDIVISION PUBLIC REPORT  
PLANNED DEVELOPMENT**

FILE NO.: 117314LA-A03/C00


ISSUED: FEBRUARY 18, 2022

EXPIRES: AUGUST 17, 2022

*for a Conditional Subdivision Public Report on*

**TRACT NO. 28561-1**  
**"MONTECITO" (PHASE 1**

DEPARTMENT OF REAL ESTATE

by   
Signature

**CRYSTAL KIM**

Printed Name

**RIVERSIDE COUNTY, CALIFORNIA**

**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, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information 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, disability, medical condition, genetic information, marital status, sexual orientation, 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.***



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## COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

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### *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 *Living in a California Common Interest Development* brochure. The information in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To review or obtain a *free* copy of this brochure, please visit the Department of Real Estate (DRE) website: [www.dre.ca.gov](http://www.dre.ca.gov).

## SPECIAL NOTES

THIS CONDITIONAL SUBDIVISION PUBLIC REPORT FOR MONTECITO ("VILLAGE"), LOCATED IN THE OVERALL RIO DEL SOL MASTER COMMUNITY ("RIO DEL SOL"). THE VILLAGE IS BEING DEVELOPED BY RDS DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("SUBDIVIDER"), AND COVERS THE FOLLOWING RESIDENTIAL LOTS ("SUBDIVISION"):

- ADJUSTED LOTS 45 AND 46, AS SHOWN ON CERTIFICATE OF COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-361, RECORDED JUNE 3, 2004 AS INSTRUMENT NO. 2004-421697.
- MODIFIED LOT 47, AS SHOWN ON CERTIFICATE OF COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-377, RECORDED AUGUST 24, 2004 AS INSTRUMENT NO. 2004-0667902.
- ADJUSTED LOTS 49 AND 50, AS SHOWN ON CERTIFICATE OF COMPLIANCE LOT LINE ADJUSTMENT NO. 2004-377, RECORDED AUGUST 24, 2004 AS INSTRUMENT NO. 2004-0667902.

**SPECIAL INTEREST AREAS IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT:** YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPH(S) BELOW ENTITLED:

SUBLEASEHOLD ESTATE, CONDITIONAL SUBDIVISION PUBLIC REPORT, RECREATIONAL FACILITIES, DISCLAIMER OF WARRANTIES, MAINTENANCE AND OPERATIONAL EXPENSES, INITIAL CAPITAL CONTRIBUTION ("START-UP" FUNDS), RESTRICTIONS, AND ZONING AND SURROUNDING PROPERTY USES AND CONDITIONS OF SALE.

NOTE: IN ADDITION TO THESE AREAS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING SECTIONS SET FORTH IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE.

**CONDITIONAL SUBDIVISION PUBLIC REPORT:** THIS IS NOT A FINAL SUBDIVISION PUBLIC REPORT ("**FINAL PUBLIC REPORT**"). THIS IS WHAT IS KNOWN AS A CONDITIONAL SUBDIVISION PUBLIC REPORT ("**CONDITIONAL PUBLIC REPORT**"). IT IS A CONDITIONAL PUBLIC REPORT SINCE THE SUBDIVIDER HAS NOT YET SATISFIED ALL OF THE CONDITIONS NECESSARY FOR THE ISSUANCE OF A FINAL PUBLIC REPORT. UNTIL ISSUANCE OF THE FINAL PUBLIC REPORT NO ESCROW SHALL CLOSE, NO FUNDS SHALL BE RELEASED FROM ESCROW TO THE SUBDIVIDER, AND NO TITLE SHALL BE CONVEYED FOR ANY PORTION OF THE SUBDIVISION COVERED BY THIS CONDITIONAL PUBLIC REPORT. HOWEVER, THE SUBDIVIDER MAY ENTER INTO AN AGREEMENT WITH YOU TO PURCHASE A SUBLEASEHOLD INTEREST IN A LOT IN THIS SUBDIVISION IF:

- (A) THE SUBDIVIDER FIRST PROVIDES YOU WITH A COPY OF THIS CONDITIONAL PUBLIC REPORT AND A WRITTEN STATEMENT CONTAINING CERTAIN DISCLOSURES REQUIRED BY BUSINESS & PROFESSIONS CODE SECTION 11018.12(f);
- (B) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT AND ESCROW INSTRUCTIONS FOR THE RETURN OF THE ENTIRE SUM OF MONEY PAID OR ADVANCED (“PURCHASE MONEY”) BY YOU IF A FINAL PUBLIC REPORT HAS NOT BEEN ISSUED DURING THE TERM OF THIS CONDITIONAL PUBLIC REPORT AS MAY BE EXTENDED FOR AN ADDITIONAL SIX MONTH TERM.
- (C) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT 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 IN THE SETUP OF THE OFFERING. (REFER TO BUSINESS & PROFESSIONS CODE SECTION 11012.)
- (D) AS A CONDITION OF THE PURCHASE, DELIVERY OF LEGAL TITLE OR OTHER INTEREST CONTRACTED FOR WILL NOT TAKE PLACE UNTIL ISSUANCE OF A FINAL PUBLIC REPORT.

BEFORE ENTERING INTO A PURCHASE AGREEMENT/CONTRACT UNDER THE AUTHORITY OF THIS CONDITIONAL PUBLIC REPORT, YOU SHOULD REVIEW THE PURCHASE AGREEMENT/CONTRACT CAREFULLY TO MAKE SURE THAT YOU WILL BE ABLE TO HONOR YOUR OBLIGATIONS WHEN IT IS TIME TO CLOSE ESCROW. FOR EXAMPLE, IF YOU DO NOT HAVE FUNDS TO COMPLETE THE PURCHASE MONEY LOAN, YOU MAY BE OBLIGATED UNDER THE PURCHASE AGREEMENT/CONTRACT TO KEEP AN ADEQUATE LOAN COMMITMENT IN EFFECT UNTIL THE FINAL PUBLIC REPORT IS ISSUED AND IT IS TIME TO COMPLETE THE PURCHASE. YOU SHOULD CAREFULLY CONSIDER WHETHER THERE WILL BE CHANGES IN YOUR INCOME, ASSETS OR LIABILITIES THAT COULD MAKE YOUR LENDER UNABLE TO FUND THE LOAN. YOU SHOULD CONSIDER YOUR PERSONAL SITUATION BEFORE ENTERING INTO A PURCHASE AGREEMENT/ CONTRACT AS YOUR DESIRE AND ABILITY TO COMPLETE THE PURCHASE MAY CHANGE. THE DEPARTMENT OF REAL ESTATE (“DRE”) HAS REVIEWED THE PURCHASE AGREEMENT/CONTRACT FORM BUT HAS NOT REVIEWED ANY ARRANGEMENTS YOU MAY ENTER INTO WITH YOUR PURCHASE MONEY LENDER. YOU SHOULD CAREFULLY REVIEW YOUR ARRANGEMENTS WITH THE LENDER.

**BEFORE SIGNING YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL PURCHASE AGREEMENT/CONTRACT AND LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF YOUR PURCHASE AGREEMENT/CONTRACT OR LOAN DOCUMENTS, YOU MAY WISH TO**

**CONSIDER CONSULTING WITH YOUR OWN ATTORNEY BEFORE ENTERING INTO A PURCHASE AGREEMENT/CONTRACT TO PURCHASE THE PROPERTY.**

THE INITIAL TERM OF THIS CONDITIONAL PUBLIC REPORT IS SIX (6) MONTHS. WHEN THE CONDITIONAL PUBLIC REPORT EXPIRES, YOU MAY WISH TO CONSIDER CONTACTING THE SUBDIVIDER TO DISCUSS THE STATUS OF YOUR PURCHASE AGREEMENT/CONTRACT, SINCE A CONDITIONAL PUBLIC REPORT MAYBE RENEWED FOR ONE ADDITIONAL SIX MONTH TERM.

THIS CONDITIONAL PUBLIC REPORT ALLOWS THE SUBDIVIDER TO ENTER INTO A BINDING PURCHASE AGREEMENT/CONTRACT WITH YOU, SUBJECT TO YOUR RECEIPT, EXAMINATION, AND ACCEPTANCE OF A FINAL PUBLIC REPORT WITHIN THE TIME PERIOD INDICATED IN YOUR PURCHASE AGREEMENT/CONTRACT.

THE FOLLOWING CONDITIONS MUST BE SATISFIED BY THE SUBDIVIDER BEFORE A FINAL PUBLIC REPORT CAN BE ISSUED:

1. RECORDATION OF THE ASSIGNMENT OF BUSINESS LEASE PSL-239 AND ACCEPTANCE;
2. THE SUBDIVIDER HAS TAKEN TITLE TO ALL OF THE LOTS IN THIS PHASE;
3. REVIEWED AND ACCEPTANCE OF THE RIO DEL SOL VILLAGE BUDGET AND THE 24-MONTH FINANCIAL DOCUMENTS;
4. DULY SIGNED IRREVOCABLE ESCROW INSTRUCTIONS AND COMMON AREA SUBLEASE AND GRANT OF IMPROVEMENTS HAVE BEEN DEPOSITED IN ESCROW;
5. DULY SIGNED REAL ESTATE FORM 643 AND SECURITY IN COMPLIANCE WITH REGULATION 2792.9 HAVE BEEN DEPOSITED IN ESCROW;
6. DULY SIGNED RE 613 AND SECURITY HAVE BEEN DEPOSITED IN ESCROW TO ASSURE LIEN FREE COMPLETION OF CERTAIN COMMON AREA IMPROVEMENTS; AND
7. EVIDENCE OF THE BONDS POSTED WITH THE CITY FOR CERTAIN COMMON AREA IMPROVEMENTS HAVE BEEN PROVIDED TO THE DRE.
8. A PRELIMINARY TITLE REPORT HAS BEEN ISSUED REFLECTING THE RECORDATION OF ITEM NO. 1 ABOVE.

**PRELIMINARY SUBDIVISION PUBLIC REPORT-INTERIM (“PRELIMINARY PUBLIC REPORT-INTERIM”)**; IF YOU HAVE RECEIVED A PRELIMINARY PUBLIC REPORT-INTERIM FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS CONDITIONAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT FROM THAT INCLUDED IN THE PRELIMINARY PUBLIC REPORT.

THE USE OF THE TERM “PUBLIC REPORT” SHALL MEAN AND REFER TO THIS CONDITIONAL PUBLIC REPORT.

### **OVERVIEW OF SUBDIVISION**

#### **LEASEHOLD ESTATE:**

HOLT OPPORTUNITY FUND (PARALLEL -1), 2013, L.P., A DELAWARE LIMITED PARTNERSHIP, IS THE HOLDER OF THE LEASEHOLD ESTATE IN THE PROPERTY, UNDER THAT CERTAIN BUSINESS LEASE PSL-239 RECORDED JANUARY 31, 1984 AS INSTRUMENT NO. 20981 AND RE-RECORDED JANUARY 15, 1987 AS INSTRUMENT NO. 11785, BOTH OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. SAID BUSINESS LEASE WAS AMENDED BY FIRST AMENDMENT TO BUSINESS LEASE DATED JUNE 25, 1979, BY SECOND AMENDMENT TO BUSINESS LEASE DATED OCTOBER 1980, BY THIRD AMENDMENT TO BUSINESS LEASE DATED MARCH 5, 1987, AND BY FOURTH AMENDMENT TO BUSINESS LEASE DATED OCTOBER 28, 2021, ALL OF OFFICIAL RECORDS. SAID BUSINESS LEASE WAS CONVEYED TO HOLT OPPORTUNITY BY ASSIGNMENT RECORDED JUNE 27, 2014 AS INSTRUMENT NO. 2014-0238345 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. PRIOR TO THE CLOSE OF ESCROW FOR THE SALE OF A LOT HOLT OPPORTUNITY FUND WILL ASSIGN ITS INTEREST IN THE BUSINESS LEASE RIGHTS TO RDS DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY.

#### **SUBLEASEHOLD ESTATE:**

YOU WILL PURCHASE A RESIDENCE AND RECEIVE A SUBLEASEHOLD INTEREST IN YOUR LOT PURSUANT TO A SUBLEASE EXECUTED BY YOU AND THE SUBDIVIDER THAT WILL BE SUBJECT TO THE TERMS OF THE BUSINESS LEASE MENTIONED ABOVE (“**SUBLEASE**”). TITLE TO YOUR LOT WILL BE EVIDENCED BY A FULLY EXECUTED AND ACKNOWLEDGED SUBLEASE TO BE RECORDED IN THE OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. UNDER SUCH SUBLEASE, YOU WILL BE OBLIGATED TO PAY TO SUBLEASE RENT PAYMENTS TO THE SUBDIVIDER IN THE AMOUNT OF \$140.00 PER MONTH.

## OVERVIEW OF MONTECITO

MONTECITO IS ONE FOUR VILLAGES THAT WILL BE DEVELOPED BY DECLARANT IN RIO DEL SOL. ALL FOUR VILLAGES ("MASTER PROJECT") WILL BE OPERATED BY AND SUBJECT TO THE JURISDICTION OF THE RDS VILLAGES MASTER ASSOCIATION, A CALIFORNIA NONPROFIT MUTUAL PUBLIC BENEFIT CORPORATION (THE "MASTER ASSOCIATION"). THE MASTER ASSOCIATION ONLY HAS JURISDICTION OVER THE MASTER PROJECT AND NOT OTHER AREAS OF RIO DEL SOL. THE MASTER ASSOCIATION WILL OWN AND MAINTAIN THE MASTER ASSOCIATION PROPERTY IN THE SUBDIVISION. ALL OWNERS IN THE SUBDIVISION HAVE RIGHT TO USE THOSE PORTIONS OF THE MASTER ASSOCIATION PROPERTY, WHICH ARE INTENDED FOR USE AND ENJOYMENT.

IF COMPLETED AS PROPOSED, THE MASTER PROJECT WILL BE DEVELOPED IN A SERIES OF DEVELOPMENT PHASES AND WILL INCLUDE TWO HUNDRED SEVENTY (270) SINGLE FAMILY RESIDENCES. THERE IS NO ASSURANCE THAT THE TOTAL SUBDIVISION WILL BE COMPLETED AS PROPOSED.

THE SUBDIVISION IS ADJACENT TO OTHER PORTIONS OF RIO DEL SOL WHICH WERE DEVELOPED EARLIER BY ANOTHER DEVELOPER ("ORIGINAL RIO DEL SOL DEVELOPMENT"). THE ORIGINAL RIO DEL SOL DEVELOPMENT INCLUDES STREETS, LANDSCAPING AND A RECREATIONAL FACILITY THAT ARE MAINTAINED BY THE RIO DEL SOL MASTER ASSOCIATION ("ORIGINAL RIO DEL SOL ASSOCIATION"). THE ORIGINAL RIO DEL SOL ASSOCIATION DOES NOT HAVE JURISDICTION OVER LOTS IN THE SUBDIVISION. THE MAIN ENTRY DRIVE TO THE SUBDIVISION IS LOCATED WITHIN THE ORIGINAL RIO DEL SOL DEVELOPMENT WHICH MAIN ENTRY DRIVE AND WILL BE SHARED BY ALL RESIDENTS OF THE SUBDIVISION AND ORIGINAL RIO DEL SOL DEVELOPMENT. THE RECREATIONAL FACILITIES MAINTAINED BY THE ORIGINAL RIO DEL SOL ASSOCIATION CONSIST OF A TENNIS CLUB, CLUBHOUSE, LAKE AND SPA AND ARE SUBLEASED BY TO THE ORIGINAL RIO DEL SOL ASSOCIATION. ALL OWNERS OF LOTS IN THE SUBDIVISION AND ORIGINAL RIO DEL SOL DEVELOPMENT SHALL HAVE THE RIGHT TO USE THE MAIN ENTRY DRIVE AND RECREATIONAL FACILITIES MAINTAINED BY THE ORIGINAL RIO DEL SOL ASSOCIATION. THE FOREGOING SHARED USE AND MAINTENANCE COSTS ARE GOVERNED BY THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RIO DEL SOL MASTER ASSOCIATION (WHICH GOVERNS THE ORIGINAL RIO DEL SOL ASSOCIATION), THE SUBLEASE OF THE RECREATIONAL FACILITIES TO THE NEIGHBORING ASSOCIATION, AND ADDITIONAL AGREEMENT DOCUMENTS BETWEEN THE ORIGINAL RIO DEL SOL ASSOCIATION AND THE MASTER ASSOCIATION.

**Location:**

This Subdivision is located at Gerald Ford Drive and Avenida Del Sol within the city limits of Cathedral City, California. Prospective purchasers should acquaint themselves with the kinds of city services available.

**Type of Subdivision:**

This Subdivision is a common-interest development of the type referred to as a planned development. It includes common areas, common facilities and common amenities which will be maintained by an incorporated association.

**Interests to Be Conveyed:**

You will receive subleasehold interest in a residential lot together, fee simple interest in the improvements on such lot and a membership in the Master Association and rights to use the Master Project common area.

**About the Subdivision:**

The Subdivision consists of approximately 2.42 acres divided into 17.

If developed as proposed, the Village will consist of a total of 73 lots within Rio Del Sol.

Additional common amenities and/or facilities consisting of landscaping, walkways, lighting, miscellaneous signage, clustered mailboxes, swinging entry gates, access control systems and fencing to be constructed. The estimated completion date is August 2026.

There is no assurance that the Subdivision or Master Project will be completed as proposed.

FUTURE DEVELOPMENT OF THE SUBDIVISION AND MASTER PROJECT CANNOT BE PREDICTED WITH ACCURACY. THE SUBDIVIDER HAS THE RIGHT TO BUILD MORE OR FEWER THAN THE NUMBER OF HOMES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADDING LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS OR CHANGING (PARTIALLY OR IN TOTAL) DESIGNS AND/OR MATERIALS, AT ANY POINT DURING DEVELOPMENT.

DUE TO THE INABILITY TO PREDICT FUTURE MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT THE SUBDIVISION AND MASTER PROJECT WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR BUILD-OUT SCHEDULE. TOPOGRAPHICAL MAPS IN THE SALES OFFICE, LOT PLOTTING MAPS, MAPS OFFERED BY SUBDIVIDER AND OTHER FORMS SHOWING "COMPLETE" SUBDIVISION PROJECTIONS DO NOT NECESSARILY COMMIT THE SUBDIVIDER TO COMPLETE THE

SUBDIVISION AND MASTER PROJECT OR, IF COMPLETED, TO COMPLETE THE SUBDIVISION AS SHOWN. THE SUBDIVIDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS WITHIN THE SUBDIVISION AND MASTER PROJECT TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR BUILDERS.

**Sale of All Residences:**

The Subdivider has indicated that it intends to sell subleases of all of the lots in this Subdivision; however, any owner, including the Subdivider, has a legal right to rent or lease the completed residences.

**Subdivider and Purchaser Obligations:**

IF YOU PURCHASE FIVE OR MORE LOTS 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 FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THE LOTS FOR SALE OR LEASE.

**NOTE:** WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, ARTICLES OF INCORPORATION, 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 LOT AS OF THE DATE THE STATEMENT WAS ISSUED.

**WARNING:** IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 – PLUS ATTORNEY'S FEES AND DAMAGES (CIVIL CODE SECTION 4540).

**Completion of Common Area:**

The Subdivider will post a bond in an amount acceptable to the DRE to assure lien free completion of common area improvements as described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is August 2026.

The Subdivider will post a bond or bonds with the City of Cathedral City to assure lien free completion of certain common area improvements. The estimated completion date for these improvements is August 2026.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE AGREEMENT/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.

### **MANAGEMENT AND OPERATION:**

**Master Association Obligations and Governing Documents:** The Master Association, of which you become a member at time of purchase, is governed by and manages, maintains and operates the Master Project in accordance with the Covenants, Conditions and Restrictions ("**CC&Rs**"), the Articles of Incorporation ("**Articles**") and the Bylaws. In addition, the Master Association has the right to adopt rules and regulations and guidelines for the Master Project and which will include Master Project design/architectural guidelines which will set forth the guidelines and procedures for design/architectural review within the Master Project (the CC&Rs, Bylaws, Articles, and rules and regulations and design/architectural guidelines may hereinafter be referred to as the "**Governing Documents**"). You should review each of these documents carefully.

**Master Association:** SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES ARE MAINTAINED BY THE MASTER ASSOCIATION, THE MASTER ASSOCIATION MUST HOLD ELECTIONS OF THE MASTER ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS. THE MASTER ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE MASTER ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET SEQ OF THE CIVIL CODE.

**The CC&Rs:** The Subdivision is subject to the CC&Rs known as the First Restated Declaration of Covenants, Conditions and Restrictions for RDS Villages Master Association recorded on May 23, 2014 as Instrument No. 2014-0189905 in the Office of the Riverside County Recorder.

Originally a subassociation was formed for each of the four Villages in the Master Project. Each subassociation was responsible for maintenance of streets and landscaping within the applicable Village. However, prior to the Subdivider's acquisition of the Property, in accordance with the CC&Rs operation of the subassociations has been suspended and the maintenance and other obligations of the subassociations were assumed by the Master Association. Therefore, to the best of the Subdivider's knowledge the subassociations are not operating, there are no boards of directors elected for the subassociations and no subassociation assessments are being levied. Notwithstanding the foregoing, since the Subdivider was not involved in the suspension of the subassociations, the subdivider cannot provide and representations or assurances respecting the suspension of the subassociations including, without limitation, consistency of such suspension with the governing documents of the subassociation.

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

**Documents to be Furnished:**

THE SUBDIVIDER STATED IT WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE MASTER ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH DRE REVIEWED MASTER ASSOCIATION BUDGET.

THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE MASTER 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 MASTER ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 4800 OF THE CIVIL CODE).

THE SUBDIVIDER SHALL MAKE A COPY OF THE ARTICLES, BYLAWS AND THE CC&RS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A LOT. A COPY OF EACH MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICABLE BEFORE 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. (BUSINESS AND PROFESSIONS CODE SECTION 11018.6)

**MAINTENANCE AND OPERATIONAL EXPENSES:**

**Master Association to Levy Assessments.** The Master Association has the right to levy assessments against you for the maintenance of the Master Project 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 Master Association meetings.

**Proposed Budget.** The Subdivider has submitted a proposed budget for the management, maintenance and operation of the Master Association's obligations and for long-term reserves. The proposed budget has not been reviewed by DRE. It will be reviewed and may be changed prior to issuance of the Final Public Report. The Subdivider now estimates that the monthly assessments against each lot will be \$204.00 of which \$36.34 is a monthly contribution to long term reserves and not to be used for current maintenance, management and operating expenses.

THIS ESTIMATE MAY NOT BE ACCURATE. You should pay special attention to the budget information that will set forth in Final Public Report.

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/CONTRACT.

**NOTE:** EXPENSES OF OPERATIONS 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.

**Budget Information Provided by Subdivider.** DELINQUENCIES IN THE PAYMENT OF MASTER ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE MASTER ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED MASTER ASSOCIATION SERVICES. THE SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DRE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET (REGULATION 2800K).

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

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase a Lot. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE MASTER ASSOCIATION. If you do not understand the contents of these financial documents, you may wish to consult with your own professional advisors. Should the amounts collected by the Master Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Master Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Association may decide to defer maintenance or eliminate services.

**Utility Rates:** The utility rates used for the calculations within the above referenced budgets are based on information available at the time of the budget review dates (as shown above). Increases in 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 assessments.

**Assessment Increases/Decreases:** The Master Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the CC&Rs or Bylaws. In considering the advisability of a decrease (or a small increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

**Commencement of Assessments:** Regular assessments for the Master Association have already commenced on all lots in the Master Project including this Subdivision. The Subdivider must pay assessments to the Association for all unsold lots in this Subdivision (Regulations 2792.9 and 2792.16).

**Failure to Pay:** The remedies available to the Master Association against owners who are delinquent in the payment of assessments are set forth in the CC&Rs. These remedies are available against the Subdivider as well as against all other owners.

**Subdivider's Assessment Security:** The Subdivider will post a bond as partial security for its obligation to pay the assessments. The governing body of the Master Association should assure itself that the Subdivider has satisfied these obligations to the Master Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

### USES/ZONING/HAZARD DISCLOSURES

The Subdivider has set forth below references to various uses, zoning, hazards and other matters based on information from a variety of sources. You should independently verify the information regarding these matters, as well as all other matters, that may be of concern to you regarding the Subdivision and all existing, proposed or possible future uses adjacent to or in the vicinity of the Subdivision. At the time this public report was issued, some of the land uses that surround the subdivision, include, but are not limited to, the following:

#### **Zoning**

North: Residential  
South: Mobile Home Park  
East: Residential  
West: Residential

#### **Uses**

The Subdivider advises that the following uses exist within or near this Subdivision:

- Agua Caliente Casino is approximately 3 miles northeast of the project.
- Post Office is approximately 1 mile southwest of the project.
- Fire Station is approximately 3/4 miles southwest of the project.
- Police Station is approximately 1 mile southwest of the project.
- Cathedral City, City Hall is approximately 1 mile southwest of the project.
- Desert Memorial Park Cemetery is approximately 2 1/4 miles north of the project.
- Cathedral City Branch Library is approximately 1 1/4 miles north of the project.
- Cathedral City High School is approximately 1 mile north of the project.
- Nellie N. Coffman Middle School is approximately 3/4 miles north of the project.
- College of the Desert is approximately 4 3/4 miles southwest of the project.
- Eisenhower Memorial Hospital is approximately 2 3/4 miles southeast of the project.
- Annenburg Center for Health Sciences is approximately 2 3/4 miles southeast of the project.
- Santa Rosa Mountains National Scenic Area is approximately 2 miles south of the project.
- Oasis Water Park is approximately 2 1/2 miles northwest of the project.
- Palm Springs Stadium is approximately 4 3/4 miles northwest of the project.
- Various Resorts and Country Clubs are within close proximity to the project.
- Various shopping centers and plazas are within 1 to 3 miles from the project.
- Within one mile of a property zoned to allow commercial or industrial use.
- In a climate zone where properties are usually subject to duct sealing and testing requirements.

### **Hazards**

The Subdivider advises that the following hazard(s) exist within or near this Subdivision:

- Palm Springs International Airport is approximately 4 miles northwest of the project.
- Interstate 10 is approximately 3 miles northeast of project.
- State Highway 111 is approximately 3/4 mile south of the project.
- Union Pacific Railroad is approximately 3 miles northeast of the project.
- Whitewater River is approximately 1/2 mile south of the project.
- Bighorn Sheep Reserve is approximately 2 1/4 miles southwest of the project.

**Environmental Conditions:** Purchasers may now or in the future be exposed to various environmental conditions in or near the Subdivision. There conditions may include radon gas, petroleum, electromagnetic fields from power lines and appliances, the presence of surface and underground utility facilities and the possibility of air, water and soil conditions and makes no representations or warranties about the existing or future environmental conditions on purchaser's Lot or areas surrounding.

### **Natural Hazards**

If any disclosure, or any material amendment to any disclosure, required to be made by the Subdivider regarding this natural hazard is delivered after the execution of an offer to

purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the Subdivider or the Subdivider's agent.

If any disclosure, or any material amendment to any disclosure, required pursuant to 1103 et seq is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the Subdivider or the Subdivider's agent.

If your lot is located within one or more Statutory Natural Hazard areas, your ability to further develop the real property, to obtain insurance, or to receive assistance after a disaster may be affected. You should therefore contact your lender and insurance carrier for more information regarding types of insurance and costs to cover your property. Additionally, since purchasers are not required to receive a separate disclosure for property owned by the Master Association, you should also contact the Master Association regarding any assessment increases due to additional insurance costs associated with the Statutory Natural Hazard Areas which may affect the Master Association maintained areas, if any.

**Notice of Airport in Vicinity:** This Subdivision is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the Subdivision may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the Subdivision before you execute a purchase agreement/contract and determine whether they are acceptable to you.

Business and Professions Code Section 11010(b)(13)(B) provides an "airport influence area", also known as an "airport referral area", is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE SUBDIVISION BEFORE SIGNING A PURCHASE AGREEMENT/CONTRACT.

### TITLE

**Ownership:** A preliminary report shows title to said estate or interest, as of the date of this Public Report, to be vested in Holt Opportunity Fund (Parallel – 1), 2013, L.P., a Delaware limited partnership. Prior to issuance of the Final Public Report title will be transferred to the Subdivider, RDS Development, LLC, a California limited liability company.

**Preliminary Report:** A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the lot you are purchasing. Those items typically shown on a report include, but are not limited to, general and special taxes, master lease, easements, mechanics liens, monetary encumbrances, trust deeds, utilities, rights of way and CC&Rs. In most instances, copies of documents can be provided to you upon request.

**Easements:** Easements for highway right(s) of way, electric distribution line right(s) of way, Southern California Edison Company easement, utilities, storm drain and/or rights incidental thereto, sewer line, sewer purposes, storm drain purposes, landscape, drainage and recreational use and all maintenance, open space easement, domestic water and sanitation purposes, sewer easement, ingress, egress, underground electrical supply and communication systems, incidental purposes and other purposes as shown on the title report and Subdivision Map 28561-1 recorded in the city of Cathedral City, County of Riverside, as per map filed in Book 323, Pages 35 through 49, inclusive. Adjustments to the original subdivision map(s) may also be recorded. You may ask the Subdivider about such changes. If you purchase a lot subject to said adjustment, this information will be included in your title policy.

### TAXES

**Regular Taxes:** The maximum amount of any tax on real property that can be collected annually by counties is one percent (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 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 tax rate.

For the purchaser of a lot in this subdivision, the full cash value of the lot 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 as of the date of completion of an improvement on the lot, 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.

### **Special Taxes & Assessments:**

This Subdivision lies within the boundaries of the following districts and is subject to any taxes, assessments and obligations thereof:

- Coachella Valley Mosquito and Vector Control District & RIFA
- Coachella Valley Water District – Sewer Service Charge – ID80
- Coachella Valley Water District – Water Service Area 35 and Sewer Availability Charges
- Cathedral City Solid Waste Disposal Service and User Charge

### **FINANCING**

Pursuant to Civil Code Section 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 provisions:

**Acceleration Clause:** This is a clause in a mortgage or deed of trust which provided that if the borrower (trustor) defaults in the repaying of 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 a 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 purchaser. 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 sizable 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, in addition, must 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.

**Adjustable Rate Loan:** 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 AGREEING TO ANY FINANCING PROGRAM OR SIGNING ANY LOAN DOCUMENTS, YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL THE PROVISIONS CONTAINED IN THE 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 Business and Professions Code Sections 11013 and 11013.2(a).]

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

IF THE FINAL PUBLIC REPORT HAS NOT BEEN ISSUED WITHIN SIX (6) MONTHS FROM THE DATE OF ISSUANCE OF THIS CONDITIONAL PUBLIC REPORT, YOU MAY REQUEST THE RETURN OF YOUR DEPOSIT. THE TERM OF THIS CONDITIONAL PUBLIC REPORT MAY BE EXTENDED FOR AN ADDITIONAL SIX (6) MONTH TERM.

**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 LOTS IN THIS SUBDIVISION.

### **SOILS AND GEOLOGIC CONDITIONS**

Soils and geologic information is available at: City of Cathedral City, Engineering Department, 68700 Avenida la lo Guerrero, Cathedral City, CA 92234.

CALIFORNIA IS SUBJECT TO GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION OR SUBSIDENCE. THE UNIFORM BUILDING CODE, APPENDIX CHAPTER 33, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM SUCH GEOLOGIC HAZARDS. 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.

**Streets and Roads:** The private streets within this Subdivision will be maintained by the Association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular assessment.

**Schools:** This Subdivision lies within the Palm Springs School District (760) 883-2710 ext. 4806142. This District advises the schools initially available to this Subdivision are:

Rancho Mirage Elementary School  
42985 Indian Trail  
Rancho Mirage, CA 92270  
(760) 836-3680

Nellie Coffman Middle School  
34603 Plumley Road  
Cathedral City, CA 92234  
(760) 770-8617

Cathedral High School  
69250 Dinah Shore Drive  
Cathedral City, CA 92234  
(760) 770-0100

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.

**CONTACTING THE DEPARTMENT OF REAL ESTATE**

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 West 4<sup>th</sup> Street, Suite 350  
Los Angeles, CA 90013-1105  
(213) 576-6983**