

CALIFORNIA CHATEAU DISCLOSURE

It is the policy of Kaufman and Broad of the Antelope Valley Division to disclose the following to prospective purchasers:

The Developer has designated 69 lots (1 through 15, inclusive, 17 through 62, inclusive, and 66 through 73, inclusive) as custom lots for sale for either the construction of custom residences or for the construction of residences from building plans and specifications which were originally drafted and prepared by the Developer and approved for construction by the City.

The affected lots have been made subject to a Supplemental Declaration of Covenants, Conditions, and Restrictions which govern their development.

1. The suitability of the soil of the lots contained within the California Chateau community was tested by Buena Engineers, Inc. You may contact Mr. Mark S. Spykerman, Vice President, for information regarding these tests. The firm's telephone number is (805) 948-7538, and their address is 1024 West Avenue M-4, Lancaster, California 93534. A copy of their soils report is also available for your review in the sales office.

2. Information regarding the public schools serving the California Chateau community can be obtained from the following:

K-8:

The Westside Union School District, 46809 North 70th Street West, Lancaster, California 93536. You should contact Mr. George Reams, the Westside Union School District Superintendent, at (805) 948-2669 for information related to the identity and location of specific schools.

High School:

The Antelope Valley Union High School District, 44811 North Sierra Highway, Lancaster, California 93534. You should contact Dr. Kenneth Brummel, District Superintendent, at (805)948-7655 for information related to the identity and location of specific schools.

3. The following areas of the homes in the California Chateau community are not insulated to retain warmth compatible with their use as principal living areas: Garages in all plans, outdoor deck in Plan 3 per lot, and exterior porches.

4. The following areas of the homes in the California Chateau community are not adequately waterproofed to make such areas suitable for use as habitable living areas: Garages in all plans, outdoor deck in Plan 3 per lot, and exterior porches.

5. Real estate taxes for homes in the California Chateau community are determined by multiplying the annual local tax rate by the full cash value of a property as determined by the County Tax Assessor. For the 1989-90 tax year, the annual local tax rate of Los Angeles County applicable to homes in the California Chateau community will be approximately 1.25% of the purchase price. 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 Los Angeles County is July 1, 1978, the total property tax rate in Los Angeles County is approximately 1.25% of the full cash value; although your total tax rate may exceed 1.5% of the full cash value of your property

with the additional special assessments as listed below. For further information regarding tax rates, prospective purchasers should contact Mr. John Lynch, Tax Assessor of Los Angeles County, at (213) 974-3211. The address is 500 West Temple Street, Los Angeles, California 90012.

This subdivision lies within the boundaries of Assessment District No. 87-1 created by the City of Palmdale pursuant to the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code) and the issuance of assessment bonds under the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). The cost of financing the purchase and construction of water facility improvements will be allocated among all lots and parcels within the Assessment District. Each residential lot within this subdivision will be subject to a total assessment of \$1,383.81. This assessment is a 20-year obligation and is listed separately on the tax bill. The estimate of annual assessment for each homeowner in the California Chateau community is \$112.53 for each of the tax years 1987 through 1991. Beginning in the tax year 1991-92 the estimate of annual assessment for each homeowner is \$127.12 and will increase from this amount at a rate of approximately 3 1/2 % each year to a maximum amount of \$194.58 in the tax year 2007-08, at which time the assessment will be paid in full. Annual collection costs to the City of Palmdale, not exceeding \$8 per lot or parcel, may be added to this amount.

This subdivision lies within the boundaries of Palmdale Landscape Maintenance Assessment District No. 89-1. Each homeowner in the California Chateau community will pay an assessment every year as part of the property tax bill. The assessment will be based on the proportionate cost of maintaining the landscape areas within the Landscape Maintenance Assessment District. For the tax year 1989-90 the assessment cost is \$80.99, and for the tax year 1990-91 the assessment cost is \$97.09. The City of Palmdale has indicated the total assessment each year is dependent upon the actual cost to operate the District .

The property tax bill for the California Chateau community will also include the following assessments: a Water Availability Stand-by Assessment of \$10 per year per lot; a Los Angeles County Special Water Assessment of \$.20 per \$100 of the assessed value of the home; and a Los Angeles County Sanitation District Assessment of \$28 per year.

For further information, contact Ms. Glenda Jay, Finance Office of the City of Palmdale, at 710 East Palmdale Boulevard, Palmdale, California 93550. Ms. Jay's telephone number is (805) 273-1720.

6. We have constructed and decorated model homes to show prospective buyers what type of features could be incorporated into the California Chateau homes and to be helpful in providing purchasers with possible decorating ideas. Model homes display certain fixtures and furnishings which are identified as "Decorator Items" and are unavailable to buyers even upon payment of an additional charge. The list of Decorator Items is attached to this Disclosure as Exhibit A.

7 In addition, Kaufman and Broad also offers buyers certain Optional Items for fixed additional prices at predetermined stages of construction. At California Chateau, these Optional Items are listed on the following

page:

PRICE

Full Home Security System \$2,200

Kitchen Cabinets Natural Stain Color \$ 750
Secondary Bath Glass Tub Enclosure \$ 125
3rd Car Garage Door Opener \$ 300
Built-In Central Vacuum System \$1,200
Plan 2 Den Conversion to 4th Bedroom \$ 500
Plan 3 Optional Gas Fireplace in Master Bedroom \$2,000
Plan 3 Den Conversion to 5th Bedroom \$ 700
Floor Coverings - Cost Determined With Buyer Selection at

CUTOFF STAGE

Framing Texture Texture Texture Framing Framing Framing Framing
Design Center

You should also note, however, that once the construction process of a home has gone past certain cut-off points, certain options may not be available even for purchase by buyers. Your sales representative can provide you with such cut-off dates for each optional item.

The California Chateau Homeowners Association, of which purchasers become members at the time of purchase, manages and operates the common area in accordance with the Covenants, Conditions, and Restrictions (CC&Rs), Articles of Incorporation, and Bylaws, which govern the association. The common facilities controlled by the California Chateau Homeowners Association include street lighting, landscaping areas, private streets, a security gate, and miscellaneous other expenses. All members will be levied monthly dues for maintenance of all common areas in the community.

Insurance coverage by the Homeowners Association extends only to those common areas of the California Chateau community which are owned by the Association such as the streets, common landscape areas, and detention basins.

The management company for the Association is Community Property Management, 888 West Ventura Boulevard, Camarillo, California 93010. The person to contact is Barbara Mintz at (805) 987-8945.

The subdivider has submitted budgets for the maintenance and operation of the common areas and for long-term reserves when the subdivision is substantially completed (built-out budget) and an interim budget applicable to the California Chateau community. These budgets, which were prepared by subtec Preparation Company, were reviewed by the Department of Real Estate in December 1988. You may obtain copies of these budgets from the subdivider.

8. Under the current built-out budget, the current monthly assessment against each home/lot is \$38; the association may or may not elect to use this budget when additional phases are annexed. Under the interim budget, the monthly assessment per lot will be: Phase 1 - \$117; Phase 2 - \$54; Phase 3 - \$49; Phase 4 - \$43; Phase 5 - \$38. Please note that as more homes are sold, more homeowners will become members of association, therefore, reducing monthly dues per homeowner.

9. Fully-detailed plans and specifications for each California Chateau home are available for inspection at the sales office during normal business hours.

10. One of the optional services provided for Kaufman and Broad customers is assistance in arranging a home purchase loan through KAUFMAN AND BROAD MORTGAGE COMPANY, subject to necessary qualifications by the buyer. There is no

obligation for buyers to use the lending services of Kaufman and Broad Mortgage Company. Buyers may select any lending institution of their choice for the purpose of securing mortgage financing.

11. Kaufman and Broad provides customers with a ten-year Limited Warranty (the "Warranty"). Kaufman and Broad makes no warranty or guarantee, express or implied, except as specifically set forth in the Warranty. You may obtain a copy of the Warranty from your salesperson at any time. A copy of the Warranty will also be given to you before you enter into an agreement to purchase. The Warranty describes our repair and warranty obligations, the procedures for making a warranty claim, and the procedures for the settlement of disputes. In the event that a homeowner is unsatisfied with Kaufman and Broad's rejection or handling of a warranty claim, the homeowner and Kaufman and Broad will participate in the Negotiation and/or Arbitration processes described in detail in the Warranty.