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PUBLIC OFFERING STATEMENT - MONTE BELLO AND
RANCHO CERRO

BEFORE YOU PURCHASE PROPERTY IN A COMMON-
INTEREST COMMUNITY

DID YOU KNOW...

1. YOU ARE AGREEING TO RESTRICTIONS ON HOW YOU CAN USE
YOUR PROPERTY ?

These restrictions are contained in a document known as the Declaration of Covenants, Conditions and Restrictions (CC&R'S) that should be provided for your review before making your purchase. The CC&RS become a part of the title to your property. They bind you and every future owner of the property whether or not you have read them or had them explained to you. The CC&RS, together with other "governing documents" (such as Association Bylaws and Rules and Regulations), are intended to preserve the character and value of properties in the community, but may also restrict what you can do to improve or change your property and limit how you use your property. By purchasing a property encumbered by CC&RS, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&RS and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you.

2. YOU WILL HAVE TO PAY OWNERS' ASSESSMENTS FOR AS LONG
AS YOU OWN YOUR PROPERTY?

As an owner in a common-interest community, you are responsible for paying your share of expenses relating to the common elements, such as landscaping, shared amenities, and the operation of any homeowner's association. The obligation to pay these assessments binds you and every future owner of the property. Owners' fees are usually assessed by the homeowner's association and due annually. You have to pay dues whether or not you agree with the way the Association is managing the property or spending the assessments. The executive board of the Association may have the power to change and increase the amount of the assessment and levy special assessments against your property to meet extraordinary expenses. In some communities, major components of the community such as private roads must be maintained and replaced by the Association. If the Association is not well managed or fails to maintain adequate reserves to repair, replace, and restore common elements, you may be required to pay large, special assessments to accomplish these

tasks.

3. IF YOU FAIL TO PAY OWNERS'S ASSESSMENTS, YOU COULD LOSE YOUR HOME?

If you do not pay these assessments when due, the Association has the power to place a legal lien on your property preventing you from selling your property until the fees are paid in full. If fees become delinquent, you may also be required to pay penalties and the Association's costs and attorney's fees to become current. If you dispute the obligations or its amount, your only remedy to may be arbitration or you may have to file a lawsuit and ask a court to intervene in the dispute.

4. YOU MAY BECOME A MEMBER OF A HOMEOWNER'S ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY THE PROPERTY?

Many common-interest communities have a homeowners association. In a new development, the Association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the Association may be controlled by property owners like yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the Association. The Association, and its executive board, are responsible for assessing homeowners for the cost of operating the Association and the common or shared elements of the community and for the day to day operation and management of the community. Homeowner's Associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the Association or governing documents. Decisions made by these persons may affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the community. You may not agree with the decisions made by the Association or its governing bodies even though the decisions are ones which the Association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of homeowners in the community. If you do not agree with decisions made by the Association, its executive board, or other governing bodies, your remedy is typically to attempt to use the democratic processes of the Association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If persons controlling the Association or its management are not complying with federal laws governing documents, your remedy is typically to seek to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a lawsuit, you may be responsible for paying your share of the Association's cost in defending against your claim.

5. THAT WE WILL PROVIDE PROSPECTIVE BUYERS OF OUR PROPERTY WITH INFORMATION ABOUT LIVING IN OUR COMMON-INTEREST COMMUNITY ?

As Developers, we will provide to a prospective purchaser of our property, before you enter into a purchase agreement, a copy of the community's governing documents, including the CC&RS, Association Bylaws, and rules and regulations, as well as a copy of this document. We will also provide a copy of the Association's current financial statement, operating budget, and information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement, and restoration of common elements. We will also inform prospective purchasers of any outstanding judgments or lawsuits pending against the Association and provide a copy of the minutes from the most recent meeting of the homeowner's Association or its executive board.

6. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A COMMON-INTEREST COMMUNITY?

You have the right:

- (a) To be notified of all meetings of the Association and its executive board, except in cases of emergency.
- (b) To attend and speak at all meetings of the Association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.
- (c) To request a special meeting of the Association upon petition of at least ten percent (10%) of the homeowners.
- (d) To inspect, examine, photocopy and audit financial and other records of the Association.
- (e) To be notified of all changes in the community's rules and regulations and other actions by the Association or board that affect you.

7. QUESTIONS?

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a common-interest community.

You may wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand.

By signing the Rancho Cerro Public Offering Statement, you as buyer(s) agree to the terms and conditions.

Buyer's signatures:

_____ Please print name

_____ Please print name

Date:_____

Property purchased:_____

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