

Bureau of Real Estate
of the
State of California

FINAL SUBDIVISION PUBLIC REPORT
UNDIVIDED INTEREST

In the matter of the application of

R-WILD HORSE RANCH OWNERS ASSOCIATION,
A California Non-Profit Mutual Benefit Corporation

FILE NO. 010274SA-A12
ISSUED: FEBRUARY 27, 1973
AMENDED: NOVEMBER 9, 2015
EXPIRES: JULY 6, 2020

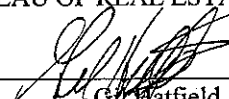
for a Final Subdivision Public Report on

R-WILD HORSE RANCH

TEHAMA COUNTY, CALIFORNIA

BUREAU OF REAL ESTATE

by


G. Hatfield

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 Bureau of Real Estate. (Refer to Section 11012 of the B&P Code; and Chapter 6, Title 10 of the California Administrative Code, Regulation 2800.) Some material changes may require amendment of the Public Report; which Amendment must be obtained and used in lieu of this report.

Section 12920 of the California Government Code provides that the practice of discrimination in housing accommodations on the basis of race, color, religion, sex, marital status, national origin, physical handicap or ancestry, is against public policy.

Under Section 125.6 of the B&P Code, California real estate licensees are subject to disciplinary action by the Real Estate Commissioner if they discriminate or make any distinction or restriction in negotiating the sale or lease of real property because of the race, color, sex, religion, ancestry, national origin, or physical handicap of the client. If any prospective buyer or lessee believes that a licensee is guilty of such conduct, (s)he should contact the Bureau of Real Estate.

READ THE ENTIRE REPORT ON THE FOLLOWING PAGES BEFORE CONTRACTING TO BUY OR LEASE AN INTEREST IN THIS SUBDIVISION.

COMMON INTEREST DEVELOPMENT
GENERAL INFORMATION

Common Interest Development

The project described in the attached Subdivision Public Report is known as a common-interest development. Read the Public Report carefully for more information about the type of development. The development includes common areas and facilities which will be owned and/or operated by an owners' association. Purchase of a lot or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and facilities. Since membership in the association is mandatory, you should be aware of the following information before you purchase:

Governing Instruments

Your ownership in this development and your rights and remedies as a member of its association will be controlled by governing instruments which generally include a Declaration of Restrictions (also known as CC&R's), Articles of Incorporation (or association) and bylaws. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law. Study these documents carefully before entering into a contract to purchase a subdivision interest.

Assessments

In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your lot or unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot or unit may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay through assessments, are outlined in the proposed budget. Ask to see a copy of the budget if the subdivider has not already made it available for your examination.

Common Facilities

A homeowner association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this development. The association also provides a means to accomplish architectural control and to provide a base for homeowner interaction on a variety of issues. The purchaser of an interest in a common-interest development should contemplate active participation in the affairs of the association. He or she should be willing to serve on

the board of directors or on committees created by the board, in short, "they" in a common interest development is "you". Unless you serve as a member of the governing board or on a committee appointed by the board, your control of the operation of the common areas and facilities is limited to your vote as a member of the association. There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact upon the quality of life for association members.

Subdivider Control

Until there is a sufficient number of purchasers of lots or units in a common interest development to elect a majority of the governing body, it is likely that the subdivider will effectively control the affairs of the association. It is frequently necessary and equitable that the subdivider do so during the early stages of development. It is vitally important to the owners of individual subdivision interests that the transition from subdivider to resident-owner control be accomplished in an orderly manner and in a spirit of cooperation.

Cooperative Living

When contemplating the purchase of a dwelling in a common interest development, you should consider factors beyond the attractiveness of the dwelling units themselves. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living where the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common interest development is very much like governing a small community ... the management can serve you well, but you will have to work for its success. [B & P Code Section 11018.1(c)]

Informational Brochure

The Department of Real Estate publishes the Common Interest Development Brochure, the information in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments, to obtain a free copy of this brochure, please send your request to:

Book Orders
Department of Real Estate
P.O. Box 187006
Sacramento, CA 95818-7006

RE 646 (Rev. 12/99)

SPECIAL NOTES

1. THIS PUBLIC REPORT APPLIES TO THE SALE OF 442 UNDIVIDED INTERESTS, AS MORE SPECIFICALLY IDENTIFIED BY UNIT NUMBERS IN THE APPLICATION FILED WITH THE DEPARTMENT OF REAL ESTATE ON APRIL 9, 2015.
2. IF YOU ENTER INTO AN AGREEMENT TO PURCHASE OR LEASE AN INTEREST IN THE PROPERTY COVERED BY THIS PUBLIC REPORT, YOU HAVE A RIGHT TO RESCIND (CANCEL) THE AGREEMENT AND TO THE RETURN OF ANY MONEY OR OTHER CONSIDERATION THAT YOU HAVE GIVEN TOWARD THE PURCHASE OR LEASE UNTIL MIDNIGHT OF THE THIRD CALENDAR DAY FOLLOWING THE DAY YOU EXECUTE THE CONTRACT TO PURCHASE OR LEASE. YOU MAY EXERCISE THIS RIGHT WITHOUT GIVING ANY REASON FOR YOUR ACTION AND WITHOUT INCURRING ANY PENALTY OR OBLIGATION BY NOTIFYING THE SELLER OF SUCH CANCELLATION BY TELEGRAM, MAIL OR OTHER WRITTEN NOTICE SENT OR DELIVERED NOT LATER THAN MIDNIGHT OF THE THIRD CALENDAR DAY FOLLOWING THE DATE THE CONTRACT WAS SIGNED. THE NOTIFICATION SHOULD BE SENT TO: R-WILD HORSE RANCH OWNERS ASSOCIATION, 6700 HIGHWAY 36 WEST, PLATINA, CA 96076.
3. PROSPECTIVE PURCHASERS ARE URGED TO VISIT AND INSPECT THE PROPERTY BEFORE ENTERING INTO ANY AGREEMENT TO PURCHASE. THE PURCHASER SHOULD ASCERTAIN FOR HIMSELF THAT THE PROPERTY MEETS HIS PERSONAL REQUIREMENTS AND EXPECTATIONS. MISUNDERSTANDINGS MORE EASILY ARISE AS TO THE DESIRABILITY OF THE PROPERTY WHEN THIS IS NOT DONE.
4. THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOUR UNDIVIDED INTEREST FOR MAINTENANCE OF THE COMMON AREAS AND OTHER PURPOSES. YOUR CONTROL OF OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.
5. THE COMMON PROPERTY AND FACILITIES ARE MAINTAINED BY A HOMEOWNER ASSOCIATION. THE HOMEOWNER ASSOCIATION MUST HOLD ELECTIONS OF THE ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS AND MUST PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT.
6. THE ASSOCIATION MAY ADOPT RULES AS DESCRIBED IN THE COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R'S) TO PROVIDE FOR THE ABILITY OF THE BOARD OF DIRECTORS OF THE ASSOCIATION TO REQUIRE ANY MEMBER TO SELL HIS/HER INTEREST AT FAIR MARKET VALUE.
7. THE 1,580-FOOT ASPHALT CONCRETE RUNWAY IS NOT TO BE USED AS A LANDING STRIP.
8. THE SELLER MUST PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, RESTRICTIONS AND BYLAWS, BY FURNISHING YOU COPIES PRIOR TO CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS

BEFORE YOU OBLIGATE YOURSELF TO PURCHASE AN INTEREST. (SECTION 11018.6 BUSINESS AND PROFESSIONS CODE.)

9. IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS FROM THE SUBDIVIDER, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.
10. NOTWITHSTANDING ANY PROVISION IN THE PURCHASE CONTRACT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SELLER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE BUYER OR THE BUYER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SELLER.

INTERESTS TO BE CONVEYED: You will receive fee title to an undivided 1/2890 interest in the real property comprising the project, which consists of approximately 14,080 acres. In addition, you will automatically become a member of the R-Wild Horse Ranch Owners' Association.

Your purchase of an undivided interest will not entitle you to a specific lot or parcel of real property, but use of the entire acreage and facilities, subject to such rules and regulations as may be published by the Association. You will not acquire any right to build a home or make improvements of any sort on the property. Improvements will be limited to those listed under the Recreational and Common Facilities paragraph below and those that may be authorized by the R-Wild Horse Ranch Owners' Association in the future.

The sale of undivided interests on such a large scale means you will own a small interest in the entire project in common with others and you should consider such factors as:

1. Whether or not there will be a market for the sale of your undivided interest should you decide to sell.
2. The possibility that a large percentage of the 2,890 individuals, plus their families, may desire to use the facilities at the same time which may overcrowd the campsites, lodge, and other common facilities.

LOCATION AND SIZE: This subdivision is located 36 miles west of Red Bluff and borders both sides of State Highway 36.

COMMON FACILITIES: This project consists of approximately 14,080 acres and includes common facilities consisting of a 3,448 square foot lodge building with a kitchen, a 4,894 square foot recreation hall, a 16,000 square foot covered riding arena, a 9,240 square foot horse barn and stables with 40 horse stalls, a 8,440 square foot corral, 3,000 square foot hay barn, 4,000 square foot pole barn, an 18-person in-ground hot tub and a 1,515 square foot general store divided into the following: 575 square feet of apartment, 760 square feet of retail store space and 180 square feet of laundromat. Two motel buildings each consisting of 3,488 square feet for a total of

6,976 square feet with 20 individual motel units. A 1,392 square foot modular, a 1,392 adjacent modular, and a 1,960 square foot shop building. There are 148 heated/air conditioned cabins consisting of 192 square feet each (12 x 16) and 2 cook shacks. Three hundred and fifty (350) semi-improved campsites, 156 campsites with full hook-ups, 2 tennis courts, 23 bathhouses -- 14 are 8 x 16 having 128 square feet each, 2 are slightly larger with washer and dryer hook-ups. There are 7 bathhouses averaging 470 square feet. Twelve mobile homes: Number 1 - 24 x 60 feet - 1,440 square feet; Number 2 - 24 x 57 feet - 1,368 square feet; Number 3 - 20 x 40 feet - 800 square feet; Number 4 - 12 x 56 feet - 672 square feet; Number 5 - 20 x 50 feet - 1,000 square feet; Number 6 - 24 x 56 feet - 1,344 square feet; Number 7 - 24 x 56 feet - 1,344 square feet; Number 8 - 12 x 56 feet - 672 square feet; Number 9 - 24 x 56 feet - 1,344 square feet; Number 10 - 24 x 52 feet; 1,248 square feet; Number 11 - 12 x 56 feet; 672 square feet; Number 12 - 12 x 56 feet - 672 square feet; Nine point three (9.3) miles of surface roadways and approximately 27 miles of dirt roads. Forty square foot guardhouse. Two swimming pools (1 is 18 x 32 feet or 576 square feet and the other is 31 x 50 or 1,550 square feet).

No reservation for a use period longer than thirty (30) days duration for camping will be confirmed. Cabins may be reserved for no longer than two weeks duration with one week required between reserved periods. No owner or designated user shall be permitted, either through reserved use periods, space available use, or by any other method to establish permanent residence on the property.

No pets are allowed in the cabin areas.

All structures are in compliance with Public Resources Code Section 4291 for mitigation of fire danger. It will be the obligation of the Association to assure continued compliance.

MANAGEMENT AND OPERATION: The R-Wild Horse Ranch Owners' Association, which you must join, manages and operates the common areas in accordance with the Restrictions (i.e. CC&R's), Articles of Incorporation, and the Bylaws. Among other things, these documents provide:

Management of this undivided interest project is under the direction and control of the R-Wild Horse Ranch Owners' Association, which is governed by Board of Directors elected by members.

You have one vote for each undivided interest owned.

The Association, through the Board of Directors, among other things, may:

Enforce the CC&R's, Bylaws and Association Rules; obtain insurance, supplies and services; operate, maintain and repair the common areas and facilities; prepare a budget and schedule of assessments for the project; collect assessments from members; expend monies collected by the Association; contract with others for the maintenance, operation or construction of any improvements; and maintain books and records and prepare financial reports.

An annual report and account, including a statement of income and disbursements, shall be sent to members not later than 120 days after the close of the Association's

fiscal year.

MAINTENANCE AND OPERATIONAL EXPENSES: The seller has submitted a budget for the maintenance and operation of the common areas and for long-term reserves. This budget was reviewed by the Bureau of Real Estate in June 2015. You should obtain a copy of this budget from the seller. Under this budget, the annual assessment against each subdivision interest is \$1,085 of which \$105.35 is an annual contribution to long-term reserves and is not to pay for current operating expenses.

IF THE BUDGET FURNISHED TO YOU BY THE SELLER 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.

The Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the CC&R's or Bylaws. In considering the advisability of a decrease (or a smaller increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

A portion of your regular assessment is allocated for your prorata share of property taxes. The portion of the assessment attributable to all costs except property taxes may not be increased more than 20% over the regular assessment for the immediately preceding fiscal year unless a vote is conducted according to the procedures defined in the Bylaws.

THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT ACCURATELY AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

If an undivided interest owner becomes delinquent in the payment of the assessment due the Association, the Association shall be entitled to establish, perfect and foreclose a lien and otherwise enforce all of the rights in the manner specified in the CC&R's, which includes interest, attorney's fees and a late payment charge.

THE 2015 RESERVE STUDY FOR THE ASSOCIATION PREPARED BY RESERVE ANALYSIS CONSULTING, LLC, SHOWS THE RESERVES ARE UNDERFUNDED BY APPROXIMATELY 20.66%. THEREFORE, PURCHASERS SHULD BE AWARE THAT THE CURRENT BUDGET MAY NOT BE ADEQUATE FOR FUNDING OF RESERVES AND IT IS LIKELY THAT A SPECIAL ASSESSMENT OR INCREASE IN REGULAR ASSESSMENTS MAY BE IMPLEMENTED IN THE NEAR FUTURE.

HAZARDS: The following hazards exist within or near this development:

The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *Very High Fire Hazard Severity Zone*. Additionally, the subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Government Code Section 51183.5.

The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area* (wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136.

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.

Since all or portions of the subdivision subject to this Public Report are located within one or more natural hazard areas, your homeowner's insurance may be affected. You should contact your lender and insurance carrier for more information regarding types of insurance and costs.

EASEMENTS: Easements for ingress and egress, utilities and other purposes are shown on the Title Report.

RESTRICTIONS: This subdivision is subject to Restrictions recorded in the Office of the Tehama County Recorder, Book 1023, Page 498, which include among other provisions, the following:

The entire R-Wild Horse Ranch shall be used solely for hiking, camping, horseback riding, swimming, sports and other recreational uses authorized by the Association.

No additional above-ground or underground structure or fixture of any kind or nature shall be created, maintained, or permitted upon any portion of R-Wild Horse Ranch, excepting only the perimeter fences, without prior permission of the Board of Directors of the Association.

A husband and wife may jointly own an undivided interest; legal title or an equitable interest may be acquired by a corporation, partnership, joint venture or other entity; or an interest may pass under the estate of a deceased person to more than 1 person. However, only 1 individual living person shall be entitled to a membership in the Association.

If you fail to pay your annual assessment, you may lose your interest.

The Association, through its agents or employees, may enter any portion of the property at any time in case of emergency.

If you violate the Rules and Regulations of the Association, the Association may impose monetary penalties or your rights to use and occupy the property may be suspended.

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

ZONING: This property is presently in the VA-B6969 Zone. This means that use of the property for a specific purpose, such as residential, will require action by the County.

CONDITIONS OF SALE: If your purchase involves financing, a form of deed of trust and note will be used. These documents may contain the following provisions:

Acceleration Clause. This is a clause in a mortgage or deed of trust which provides that if the borrower (trustor) defaults in repaying the loan, the lender may declare the unpaid balance of the loan immediately due and payable.

Due-on-Sale Clause. If the loan instrument for financing your purchase of an interest in this subdivision includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell your 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 buyer. The lender will almost certainly insist upon an increase in the interest rate if the prevailing interest rate at the time of the proposed sale of the property is higher than the interest rate of your promissory note.

A Balloon Payment. This means that your monthly payments are not large enough to pay off the loan, with interest, during the period for which the loan is written and that at the end of the loan period, you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizeable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

A Prepayment Penalty. This means that if you wish to pay off your loan in whole or in part before it is due, you must in addition pay a penalty.

A Late Charge. This means that if you fail to make your installment payment on or before the due date, you in addition must pay a penalty.

**BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY
UNDERSTAND ALL LOAN DOCUMENTS.**

PURCHASE MONEY HANDLING: The seller must impound all funds received from you in an escrow depository until legal title is delivered to you. (Refer to Sections 11013 and 11013.4(a) of the Business and Professions Code.)

If escrow has not closed on your interest within one (1) year of the date of escrow opening, you may request return of your deposit.

WATER: The water system is a private on-site system consisting of: 5 wells with submersible pumps, 100,000-gallon storage tank, 47,420+ linear feet of plastic main line (6-inch - main), 428+ outlets (total of all buildings and campgrounds) and 28 fire hydrants. Water system has 60 - 80 PSI depending on location. The system is a pressure gravity flow system. The well pumps pressurize the main line first, with the

overflow filling the storage tank. The storage facility gravity feeds all development on the property. There are two wells and two 5,000 gallon water tanks for fire protection which are located in the outback of the property.

SEWAGE DISPOSAL: The sewer systems are private on-site systems. The sewer systems consist of the following:

3 sets of ponds (settling)
2 lift pump stations
32,800+ linear feet of sewer line

FIRE PROTECTION: The California State Department of Forestry and Fire Protection advises that the property is located within the State Responsibility Area (SRA giving the CAL FIRE the responsibility for providing wildland fire protection. The closest CAL FIRE station serving this area is Baker Station located at 14800 Bowman Road in Cottonwood, at the intersection of Hwy 36W and Bowman Road. For any additional information, call (530) 528-5199,

The Association has its own volunteer fire department covering 17 miles of Highway 36W for Tehama County. It owns one fire truck and has one medical squad.

ELECTRICITY: Pacific Gas and Electric Company, Weaverville, California.

TELEPHONE: TDS Phone Company, Happy Valley, California.

STREETS AND ROADS: The private roads within this project will be maintained by the Association. The costs of repair and maintenance of these private roads are included in the budget and are a part of your regular assessment.

NATURAL GAS: The subject property is served natural gas by Pacific Gas and Electric Company. A large gas main running from Capay Valley to the California coastal region transects the subject property. The subject property was allowed to tap into this source in exchange for an easement through the property.

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 Bureau of Real Estate used in preparing this Public Report, you may call (916) 263-8929..