# TAX DISCLOSURE REPORT

## Property Tax Disclosure Page

Section 1102.6b of the California Civil Code requires the transferor of real property (seller) to make a good faith effort to obtain and deliver to the prospective transferee (buyer) a disclosure notice concerning a continuing lien securing the levy of special taxes pursuant to the Mello-Roos Community Facilities Act, and assessment installments to secure bonds issued pursuant to the Improvement Bond Act of 1915. The transferor and his or her agent(s) disclose the following information with the knowledge that even though this is not a warranty, prospective transferees may rely on this information in deciding whether and on what terms to purchase the subject property. Transferor hereby authorizes any agent(s) representing any principal(s) in this action to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property. This information is a disclosure and is not intended to be part of any contract between the transferee and transferor.

**If the property is located in a Mello-Roos and/or a 1915 Special Assessment District(s), the Buyer and Seller must also sign the official notice form(s) included in this report.**

Notice of your “Supplemental” Property Tax Bill: Pursuant to Civil Code 1102.6c, Seller or his or her agent, is providing this “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 question concerning this matter, please call your local Tax Collector’s Office.”

Transfer Fee Disclosure: Pursuant to Civil Code 1102.6e, Seller or his or her agent, is required to disclose specific information about any Transfer Fee that may affect the property. Please refer to the legal code or to the C.A.R. Form NTF (11/07), provided by the California Association of Realtors, for a standard format to use in making the Transfer Fee Disclosure if you elect to investigate and make this disclosure personally. Civil Code 1098 defines a “Transfer Fee” as “any fee payment requirement imposed within a covenant, restriction, or condition contained in any deed, contract, security instrument, or other document affecting the transfer or sale of, or any interest in, real property that requires a fee be paid upon transfer of the real property.” Certain existing fees such as government fees, court ordered fees, mechanic lien fees, common interest development fees, etc. are specially excluded from the definition of “Transfer Fee”. Private transfer fees are different from city or county Documentary Transfer Taxes. Private Transfer Fees may apply in addition to government Documentary Transfer Taxes that are due upon sale or transfer of the property.

Determining the Existence of a Transfer Fee. If a Transfer Fee does exist affecting the property, the document creating the fee may be on file with the County Recorder as a notice recorded against the property and should be disclosed in the preliminary title report on the property. However, the preliminary title report will merely disclose the existence of the documents affecting title, not the content of the documents. The title of a document may also not be sufficient to disclose that a transfer fee is included in its terms. Accordingly Seller should (a) request the title company which issued the preliminary title report to provide copies of the documents shown as “exceptions” and

(b) review each document to determine if it contains a transfer fee.

**To determine if the property is subject to a Transfer Fee, OBTAIN COPIES OF ALL EXCEPTIONS LISTED ON THE PRELIMINARY TITLE REPORT FROM THE TITLE COMPANY AND READ THEM TO DETERMINE IF ANY TRANSFER FEES ARE APPLICABLE. Please be aware that private transfer fees may be difficult to identify by simply reading the title report.**

We acknowledge and understand the information contained in this report.
BUYER’S ACKNOWLEDGEMENT

**Buyer(s) acknowledge(s) receipt of this Tax Disclosure Report as well as the Notice of Special Tax and Assessment, if required, contained herein by his/her/their signature(s) on the Acknowledgement of Receipt paragraph at the bottom of the Natural Hazard Disclosure Statement form that is a part of this report package.**

APN: 303-16-063 Report Date: 5/18/2015 Report Number: 15SC1404
Property Tax Information Page

| Assessment Description | Assessment Amount |
|---|---|
| Annual Property Tax | |
| Tax Rate Area | |
| Assessed Land Value | |
| Assessed Improvements Value | |
| Total Assessed Value | |
| Homeowner's Exemption | |
| Net Assessed Value | |

| **Levy Code** | **Levy Description** | **Levy Amount** |
|---|---|---|
| **800** | **SJ SEWER SANI/STORM** | $500.40 |
| **728** | **SCVWD Safe, Clean Water** | $57.52 |
| **881** | **SCVWD FLOOD CONTR** | $14.58 |
| **990** | **SCCOSA ASMT DIST 1** | $12.00 |
| **847** | **SCCO VECTOR CONTRO** | $5.08 |
| **802** | **S.J. LIBRARY ASSMT.** | $30.56 |
| **848** | **MOSQUITO ASMT #2** | $8.36 |
| | **AD VALOREM** | $10,150.97 |
| | **Total Tax** | $10,779.47 |

## Property Tax Bill Calculator

Property tax is an ad valorem tax that an owner pays on the value of the property being taxed. Counties, cities, towns, villages, school districts, and special districts each raise money through the real property tax. The money funds schools, pays for police and fire protection, maintains roads, and funds other municipal services enjoyed by residents.
The amount of a particular property's tax bill is determined by two things: the property's taxable assessment and the tax rates of the taxing jurisdictions in which the property is located. The tax rate is determined by the amount of the tax levy to be raised from all, or part, of an assessing unit, and the unit's total taxable assessed value. The assessment is determined by the assessor and should be based on the value of the property less any applicable property tax exemptions.
The table below is provided as a tool for you to estimate the amount of your property tax bill.
NOTE: This is an estimate and does NOT include charges for new districts/fees or other changes.
Note numbers are rounded and may not match exactly to your property tax bill.

| | | |
|---|---|---|
| **Line 1** | **Sales price** | **$** |
| Line 2 | | $ |
| Line 3 | Total Estimated Annual Taxes Add Line 2 to Line 3 | $ |

Ad Valorem Taxes: The phrase ad valorem is Latin for "according to value". In the case of

municipal property taxes, property owners have their property assessed on a periodic basis by the county assessor. The assessed value of the property is then used to compute an annual tax, which is levied on the owner by his or her municipality. Proposition 13 (officially named the People's Initiative to Limit Property Taxation) was enacted during 1978 and limits the tax rate for real estate to one percent (1%) of the full cash value of such property plus an amount for the debt service on any voter approved bonds.
Direct levies/Special Assessments: These are levied on the tax bill by the county tax collector on behalf of the local levying agency or district, not on behalf of the assessor, auditor-controller, and/or the county tax collector divisions. These assessments, if present, will vary depending on the location of the property. Typical examples of these types of levies are monies used to pay for municipally maintained lighting and landscaping, installation/upgrading of sewer systems and Mello-Roos bonds/special taxes.
Exemptions and exclusions: The state Constitution provides for a variety of full and partial exemptions. The following is a brief list of some of the major property tax exemptions in California. NOTE: the assessor's office should be consulted for detailed requirements regarding exemptions.
Homeowners' Exemption: The Constitution requires a $7,000 reduction of taxable value for qualifying owner-occupied homes. The state reimburses local agencies for the loss in property tax revenue. The homeowner must make a simple one-time filing with the county assessor for the exemption.
Disabled Veterans' Exemption: Current law provides a basic exemption of $100,000 on the principal place of residence for veterans with specified disabilities or for unmarried surviving spouses of deceased disabled veterans. A one-time filing is required. This exemption may be raised to $150,000 if the applicant meets the income limit of $40,000. Annual filing is required for the $150,000 exemption. The income limit and both the exemption amounts are adjusted annually for inflation.
Disaster Relief: The taxable value of properties that have been substantially damaged or destroyed by a disaster may be reassessed to reflect the damage if the county where the property is located has adopted a disaster relief ordinance. Claims for this relief must be filed with the county assessor within the time period specified in the ordinance or within one year from the date the property was damaged or destroyed by the disaster, whichever is later. The reduced value remains until the property is fully repaired, restored, or reconstructed.
New Construction Exclusion for Disabled Access: New construction may be excluded from reassessment if it consists of modifying an existing structure to make the structure more accessible to a physically disabled person.
Over 55 and Disabled Citizens Relief: People over the age of 55 or who are severely and permanently disabled may transfer the taxable value of their principal residence to a replacement property if it is of equal or lesser value, located within the same county, and purchased or newly constructed within two years of the sale of the original property. This tax relief is available only once in a lifetime. There is one exception to this one-time-only limit. If a claimant becomes physically and permanently disabled after transferring the taxable value under the age requirements (over 55), the claimant may transfer the taxable value a second time under the disability requirements if the move is related to the disability.

## Supplemental Tax Bill Calculator

On July 1, 1983, California State law was enacted to require the assessor to appraise property on the date a change in ownership occurs. Taxes are computed from the 1st of the month following the change of ownership to the end of the fiscal year. In most cases, this assessment results in one or possibly two supplemental tax bills being sent to the property owner in addition to the regular secured property tax bill that is mailed annually.
The Assessor appraises the property to determine the new base year value as of the date of the change of ownership. The Assessor then calculates the difference between the new base year

value and the existing roll value. The result is the new Supplemental Assessment. The Assessor will send you a "NOTICE OF SUPPLEMENTAL ASSESSMENT AND IMPENDING TAX BILL".
If the reassessment results in an increase in property value, your supplemental taxes will be calculated by the Auditor-Controller based on the change in value, and one or possibly two supplemental tax bills will be created and mailed to you by the Tax Collector. If the reassessment results in a reduction in value, a refund will be prepared by the Auditor-Controller and mailed to you. A reduction in value WILL NOT reduce the amount due on the annual tax bill. The annual tax bill must be paid in the amount originally billed.
The tables below are provided as a tool for you to estimate the amount of your new supplemental tax bill(s). NOTE: Supplemental tax bills are not paid in escrow or impounded by your lender. Note numbers are rounded and may not match exactly to your property tax bill.

| | | |
|---|---|---|
| Line 1 | New value at date of purchase (sales price) | $ |
| Line 2 | Assessed value for current fiscal year (from tax bill) | $ |
| Line 3 | Supplemental assessment value (subtract Line 2 from Line 1) | $ |
| Line 4 | | $ |

You must now prorate your supplemental bill based upon portion of the year for which you have ownership. NOTE: You will receive ONE supplemental bill if the date of the change in ownership is between June 1 and December 31 inclusive. You will receive TWO supplemental bills if the date of the change in in ownership is between January 1 and May 31 inclusive. The TWO bills are the supplemental tax bill calculated below AND the annual supplemental bill (Line 4 above).

| | | |
|---|---|---|
| Jan | Multiply Line 4 from above by 0.4170 | $ |
| Feb | Multiply Line 4 from above by 0.3333 | $ |
| Mar | Multiply Line 4 from above by 0.2500 | $ |
| Apr | Multiply Line 4 from above by 0.1667 | $ |
| May | Multiply Line 4 from above by 0.0866 | $ |
| June | Multiply Line 4 from above by 1.0 | $ |
| July | Multiply Line 4 from above by 0.9167 | $ |
| Aug | Multiply Line 4 from above by 0.8333 | $ |
| Sep | Multiply Line 4 from above by 0.7500 | $ |
| Oct | Multiply Line 4 from above by 0.6670 | $ |
| Nov | Multiply Line 4 from above by 0.5830 | $ |
| Dec | Multiply Line 4 from above by 0.5000 | $ |

The Supplemental Tax Bill Calculator is designed to help you estimate your supplemental tax bill(s) and does NOT include exemptions or exclusions which may affect your assessed value. The Company bears no liability for any losses or damages suffered resulting from the use of this Supplemental Tax Bill Calculator.



# AD VALOREM TAX

the major source of revenue for state and municipal governments. The phrase ad valorem is Latin for "according to value". In the assessed value of the property is then used to compute an annual tax, which is levied on the owner by his or her municipality.

# HOMEOWNER’S EXEMPTION

The California Constitution provides for the exemption of $7,000 (maximum) in assessed value from the property tax assessment
of any property owned and occupied as the owner’s principal place of residence. The exemption reduces the annual property tax

bill for a qualified homeowner by up to $70. (Article XIII Section 3 of the California Constitution, Rev & Tax 218). A qualifying dwelling can be any place you own as your principal place of residence and that is subject to property tax.

## VOTER APPROVED BONDS

Under Proposition 13, the property tax rate is fixed at 1% of assessed value plus any voter approved bonds. These bonds appear
on annual property tax bills as “direct levies”. Some common direct levies are:
Library Services
Reclamation Districts
Neighborhood park maintenance
Delinquent county utility billings
Weed and hazard abatement charges
Landscape and Lighting

## MELLO-ROOS FACILITIES DISTRICT

The "Mello-Roos Community Facilities Act of 1982" provides an alternative method for any city, county, special district, school district, joint powers of authority, or any municipal corporation for financing certain public capital facilities (with a useful life of five or more years) and/or services, especially in developing areas and areas undergoing rehabilitation. A local government may use these provisions instead of any other method of financing part or all of the cost of providing the authorized kinds of capital facilities and services.

A community facilities district (CFD) may be established to finance any one or more of the following types of services within an area: Police protection services, fire protection and suppression services, ambulance and paramedic services, recreation program services, libraries and library services, maintenance services for elementary and secondary school sites and structures, the operation and maintenance of museums and cultural facilities, maintenance of parks, parkways, and open space, flood and storm protection services, services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment, child care facilities, the construction or under grounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight, and the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property.

By purchasing a property located within a CFD you can expect to be assessed for a Mello-Roos tax which will typically be collected with your general property tax bill. These special tax payments are subject to the same penalties that apply to regular property taxes. If a general tax payment is not made on time, the Facilities District that obtained the lien may withdraw the assessment from the tax roll and commence judicial foreclosure.

Most special taxes levied on properties within these districts have been structured on the basis of density of development, square footage of construction, or flat acreage charges. The act, however, allows for considerable flexibility in the method of apportionment of taxes, and the local agencies may have established an entirely different method of levying the special tax against property in the district in question. When a CFD is established, a maximum amount of bonded indebtedness is authorized. Special taxes also may be levied to pay directly for public facilities and public services at issue. The tax will stay in effect as long as it is needed to pay the expenses of services or until the principal and interest on the bonds are paid off along with any reasonable administrative costs incurred in collecting the special tax or so long as it is needed to pay the expenses of services.

# 1915 BOND ACT SPECIAL ASSESSMENT DISTRICT

The “Improvement Bond Act of 1915” is a form of public financing that provides an alternative system which allows any city, county, special district, school district, joint powers of authority, or any municipal corporation to form a special assessment district (SAD) for the issuance of bonds to represent and be secured by the assessments to finance the costs and expenses of the work or improvement services usually associated with off-site land improvements, such as roads, curbs, gutters and underground sewer and water infrastructure that will particularly benefit the property.
By purchasing a property located within a SAD you can expect to be levied for a special assessments tax that will typically be collected with your general property tax bill. These special assessment tax payments are subject to the same penalties that apply to regular property taxes. If a general tax payment is not made on time, the Special Assessments District that obtained the lien may withdraw the assessment from the tax roll and commence judicial foreclosure.
Most special assessment taxes levied on properties within these districts have been structured on the basis of density of development, square footage of construction, or flat acreage charges. The act, however, allows for considerable flexibility in the method of apportionment of taxes, and the local agencies may have established an entirely different method of levying the special assessments against property in the district in question.
Most of the time, when a SAD is established, a maximum amount of bonded indebtedness is authorized. When a SAD is activated, an assessment lien is placed against each affected property and a special assessment appears on the property tax bill until the debt is fully paid which can be anywhere from 10, 40 years, or in some cases the assessment is levied in perpetuity.