

Rancho Mission Viejo Step-Up Resident Incentive Program

OFFICIAL RULES

1. Program Sponsor. The Rancho Mission Viejo Step-Up Resident Incentive Program is sponsored by RMV PA2 Development, LLC (“Sponsor”).

2. Program Area. The Program relates solely to that master planned community located in southern Orange County, California and commonly known as the “Rancho Mission Viejo” (the “Community”).

3. Authorized Participants. The Program is open solely to “Existing Homeowners” – *i.e.*, individuals and entities who/that:

- currently own homes located within the Community; -AND-
- enter into a contract - prior to the expiration of the Program Period (*see* Section 5, below) - for the purchase of a new home within the Community; -AND-
- satisfy all other eligibility requirements established in these Official Rules.

4. Description of Program. If:

- an Existing Homeowner, during the Program Period, enters into a sales contract for the purchase of a new home within the Community (“Sales Contract”); -AND-
- the Existing Homeowner successfully closes escrow per the terms of the Sales Contract;

then, subject to all other Program conditions, requirements and restrictions, Sponsor shall pay to the Rancho Mission Viejo Master Maintenance Corporation (“Rancho MMC”) an amount equal to Two Thousand and No/100 Dollars (\$2,000.00) to be applied as a credit against the Existing Homeowner’s General Assessment association dues (as assessed / collected by Rancho MMC) (“HOA Credit”).

5. Program Period. The period for eligible Existing Homeowner participation in the Program begins 12:00:01 a.m. Pacific Standard Time (“PST”) on January 1, 2020 and ends 11:59:59 p.m. PST on December 31, 2020 (“Program Period”).

6. Eligibility Requirements. For an Existing Homeowner to be eligible to receive an HOA Credit under the Program:

- The Existing Homeowner must own a home within the Community (i) at the time that he/she/it enters into a Sales Contract for the purchase of a new home within the Community and (ii) at the time that the HOA Credit is awarded.
- Prior to the expiration of the Program Period, the Existing Homeowner must enter into a Sales Contract for the purchase of a new home within the Community.
- Concurrent with the Existing Homeowner’s execution of the Sales Contract, he/she/it must complete an Existing Homeowner Acknowledgment Form (“EHAF”) and submit same to his/her/its neighborhood builder sales office.
 - **NOTE:** EHAFs will be provided by Sponsor to the neighborhood builder sales offices; the neighborhood builder sales offices shall be responsible for transmitting completed EHAFs to Sponsor.
- The Existing Homeowner must successfully close escrow on the purchase of the new home in accordance with the terms of the Sales Contract.

- The Existing Homeowner must provide Sponsor with a completed W-9 form.

7. Provision of HOA Credits.

a. Notification of Award (to Rancho MMC). Following Sponsor's confirmation that all Program conditions and requirements have been satisfied in relation to consummation of a particular Sales Contract, Sponsor and/or its affiliate(s) shall notify and advise Rancho MMC regarding (i) the HOA Credit awarded by Sponsor and (ii) the identity of the Existing Homeowner who is to receive the HOA Credit.

b. Payment and Application of Credits. All HOA Credits payable by Sponsor pursuant to the Program shall be tendered directly to Rancho MMC; no monies will be paid to Existing Homeowners. With respect to any Existing Homeowner who/that is qualified and entitled to receive an HOA Credit under the Program, Sponsor shall endeavor to process and pay the HOA Credit to Rancho MMC within ninety (90) days following the Existing Homeowner's successful close of escrow on his/her/its Sales Contract. Upon receipt of an HOA Credit pursuant to the Program, Rancho MMC shall apply said amounts against the Existing Homeowner's General Assessment obligations until such time as the HOA Credit has been exhausted. No Existing Homeowner shall be entitled to receive a credit against his/her/its General Assessment obligations pursuant to the Program unless and until (i) Rancho MMC receives the corresponding HOA Credit from Sponsor and (ii) the HOA Credit appears on the periodic assessment statement issued by Rancho MMC to the Existing Homeowner.

c. Responsibility for Other Fees and Assessments. Notwithstanding Sponsor's tender of payments to Rancho MMC, each Existing Homeowner shall be obligated to pay any and all amounts due to Rancho MMC that exceed the value of the HOA Credit.

d. No Transfer of Credits; No Payments or Refunds. An Existing Homeowner who receives an HOA Credit pursuant to the Program may not transfer or apply the HOA Credit for the benefit of another homeowner or individual within the Community. Moreover; Rancho MMC shall not refund, return or pay to the Existing Homeowner any portion of the HOA Credit received from Sponsor.

8. Tax Obligations. For any HOA Credit awarded and paid by Sponsor pursuant to the Program, the Existing Homeowner shall be responsible for the calculation and payment of any taxes that are associated with Sponsor's payment of the HOA Credit for the benefit of the Existing Homeowner. If required by applicable law, Sponsor and/or its affiliate(s) shall prepare and transmit to the Existing Homeowner a statement of miscellaneous income or similar tax reporting document (*e.g.*, I.R.S. 1099 Form).

9. Other Program Conditions and Restrictions.

a. Program Applicable to New Home Sales Only. The Program is applicable only to the first-time sale of new homes within the Community. Resales of homes within the Community are not eligible under the Program.

b. Only One HOA Credit per Sales Contract. Only one (1) HOA Credit will be awarded in connection with the successful close of escrow of an eligible Sales Contract.

c. Consistency in Names/Identities of Existing Homeowner. For purposes of the Program, the term "Existing Homeowner" means the collective owners of a single residence located within the Community, as said owners are identified on the most current deed for the Existing Homeowner's residence (the "Current Ownership Deed"). The Current Ownership Deed refers to the

latest deed for the Existing Homeowner's residence that is on file in the Office of the Orange County Recorder as of the date the Existing Homeowner enters into a Sales Contract for the purchase of a new residence in the Community. In order to qualify for receipt of an HOA Credit under the Program, the names/identities of the individuals and/or entities identified as "Buyer" or "Purchaser" in the Sales Contract must be the same as the names/identities of the Existing Homeowner reflected in the Current Ownership Deed. If the "Buyer" or "Purchaser" under the Sales Contract acquires title to the new residence using names/identities that are not equivalent to the names/identities of the Existing Homeowner reflected in the Current Ownership Deed, no HOA Credit will be awarded in connection with the Sales Contract (*i.e.*, the HOA Credit shall be deemed forfeit). Notwithstanding the foregoing, if the "Buyer" or "Purchaser" under the Sales Contract is a family trust or other entity that is completely owned or controlled by the individuals/entities identified as the owners in the Current Ownership Deed, then the "Buyer" or "Purchaser" under the Sales Contract shall be deemed the same as the Existing Homeowner and shall be entitled to receive the HOA Credit (provided that all other eligibility requirements and conditions of the Program are satisfied).

d. Qualification under Multiple Incentive Programs; Only One (1) Benefit Awarded. Sponsor may, in its discretion, offer (or continue to offer) additional programs that provide benefits to Existing Homeowners in connection with the execution and consummation of Sales Contracts. By way of example only, and not limitation, Sponsor may offer incentive programs whereby Existing Homeowners receive payments or other benefits as a result of the Existing Homeowners' referral of prospects to the Community (where said prospects subsequently purchase new homes within the Community). In the event that (i) Sponsor offers additional incentive programs in the Community and (ii) the Existing Homeowner's activities in relation to a Sales Contract would qualify the Existing Homeowner to receive both an HOA Credit under the Program and benefits under another Sponsor-offered incentive program, the Existing Homeowner shall be entitled to receive only one (1) program benefit from Sponsor in connection with its activities. Thus, if the Existing Homeowner's activities in relation to a Sales Contract qualify the Existing Homeowner to receive both an HOA Credit under the Program and benefits under another Sponsor-offered incentive program, the Existing Homeowner must select which benefit it will choose – *i.e.*, the HOA Credit or the other incentive program benefit (but not both). Any attempt by the Existing Homeowner to receive both the HOA Credit and the benefit(s) of another Sponsor-offered incentive program shall be deemed void and shall disqualify the Existing Homeowner from the Program. In the event of such disqualification, the Existing Homeowner shall not be eligible to receive an HOA Credit in relation to the Sales Contract. Moreover, in the event that an HOA Credit has been paid to Rancho MMC in advance of the disqualification, Sponsor shall have the right to reclaim the HOA Credit from Rancho MMC; whereupon, the Existing Homeowner shall be responsible for any and all General Assessment obligations reassessed or recharged by Rancho MMC as a consequence of Rancho MMC's return of the HOA Credit to Sponsor.

e. Forfeiture of Unapplied Portion of HOA Credit. If an Existing Homeowner (i) receives an HOA Credit and (ii) thereafter sells, transfers or otherwise conveys his/her/its Community residence prior to Rancho MMC's full application of the HOA Credit, the unapplied portion of the HOA Credit shall be deemed forfeit. In no event shall the unapplied portion of the HOA Credit be transferrable to the new owner of the Existing Homeowner's residence; nor shall the Existing Homeowner be entitled to a credit, refund or offset in an amount equal to the unapplied portion of the HOA Credit. Moreover, the Existing Homeowner shall continue to be responsible for all taxes associated with the full value of the HOA Credit, even though a portion of the HOA Credit was deemed forfeit.

f. Rescission of Credits. Sponsor may rescind an HOA Credit at any time if any information provided by or concerning the Existing Homeowner (whether in the EHAF or otherwise) proves to be false or misleading or if the Existing Homeowner violates any of these Official Rules.

g. Failure of Neighborhood Sales Office to Provide Completed EHAF. Sponsor is not responsible or liable to any Existing Homeowner (or any person claiming through an Existing Homeowner) for failure to supply an HOA Credit by reason of the failure of the neighborhood sales office to timely provide a completed EHAF to Sponsor.

10. Publicity. Acceptance of any HOA Credit constitutes permission for Sponsor to use the Existing Homeowner's name, village of residence, photograph, video tape, film or any other likeness, including voice (whether recorded or live), for purposes of Sponsor's advertising and promotion in any and all forms of media without further compensation, except where prohibited by law. The party receiving the benefit of the HOA Credit further agrees to hold Sponsor blameless and without liability for such publication, broadcast or use.

11. Conduct of Existing Homeowners. The failure by any Existing Homeowner to comply with these Official Rules or other instructions of Sponsor may result in the Existing Homeowner's disqualification from the Program in Sponsor's sole discretion. Existing Homeowners further agree to comply with and be bound by the decisions of Sponsor, which will be final and binding in all respects. Sponsor reserves the right at its sole discretion to disqualify any individual it finds to be tampering or attempting to tamper with the Program.

12. General Provisions. Sponsor's failure to or decision not to enforce any provision in these Official Rules will not constitute a waiver of that or any other provision. In the event of a discrepancy or inconsistency between disclosures or other statements contained in any Program-related materials and/or these Official Rules (including any alleged discrepancy or inconsistency in these Official Rules), the discrepancy will be resolved in Sponsor's sole discretion. Sponsor is not responsible or liable to any Existing Homeowner (or any person claiming through an Existing Homeowner) for failure to supply an HOA Credit by reason of any acts of God, any action, regulation, order or request by any governmental or quasi-governmental entity (whether or not the action, regulation, order or request proves to be invalid), equipment failure, terrorist acts, threatened terrorist acts, air raid, blackout, act of public enemy, earthquake, war (declared or undeclared), fire, flood, epidemic, explosion, unusually severe weather, hurricane, embargo, labor dispute or strike (whether legal or illegal) labor or material shortage, transportation interruption of any kind, work slow-down, civil disturbance, insurrection, riot or any other cause beyond Sponsor's sole control. Sponsor may modify and amend these Official Rules as they appear in print or online from time to time during the conduct of the Program for clarification purposes without materially affecting the terms and conditions of the Program. Sponsor is not responsible for any typographical or printing errors in the advertising of the Program, these Official Rules, the EHAF, website pages or other promotional materials.

13. Termination or Changes. Sponsor reserves the right to terminate the Program at any time without notice to the extent permissible by law. Sponsor may modify the Official Rules (including any updates thereto) from time to time, to the extent permissible by law, with or without notice, and continued participation in the Program after such modification shall be deemed to be acceptance of any such modification. It is each Existing Homeowner's responsibility to check the Official Rules that can be found at the Program web-site or available by mail (*see* Section 16, below) regularly to determine whether the Official Rules have been modified. If an Existing Homeowner does not agree to any modification of the Official Rules, said individual must immediately cease participation in the Program.

14. Choice of Law; Venue. All issues and questions concerning the construction, validity, interpretation and enforceability of these Official Rules, or the rights and obligations of the Existing Homeowners and Sponsor in connection with the Program, shall be governed by, and construed in accordance with, the laws of the State of California, without regard for its conflicts of law doctrine, and all proceedings shall take place in Orange County, California.

15. No Responsibility for Personal Information. Sponsor is not responsible for the security of any personal information that is provided by any Existing Homeowners (pursuant to the EHAF or otherwise).

16. Copy of Official Rules. For a copy of the Official Rules, please send - not later than thirty (30) days following the end of the Program Period - a self-addressed stamped envelope in a separate, first class stamped envelope to:

Rancho Mission Viejo Step-Up Resident Incentive Program
Official Rules
c/o RMV Community Development, LLC
Attn: Senior Vice President – Development
P.O. Box 9
San Juan Capistrano, CA 92693

17. Questions Regarding Program. Please present all questions regarding the Program (including eligibility requirements, the EHAF and the award of HOA Credits) to the neighborhood sales offices. If the neighborhood sales offices are unable to answer a particular question, said offices may contact the Sponsor for assistance in resolving the question. Sponsor will respond only to questions presented by the neighborhood sales offices; Sponsor will not accept direct inquiries or questions from Existing Homeowners or others regarding the Program. The neighborhood sales offices shall be responsible for relaying Sponsor's answer/information to the party who presented the question. Notwithstanding any provision herein to the contrary, Sponsor shall not be responsible or otherwise liable to Existing Homeowners or others for the actions of the neighborhood sales offices in providing incorrect or incomplete information regarding the Program.