

# California Property Tax Disclosure Report™

Property Address: 123 ANY STREET,  
SIM CITY, ANY COUNTY, CA

APN: 1234-056-078  
Report Date: 1/01/2008  
Report Number: 100001

## California Property Tax Disclosure Report™

The parties for whom this Report was prepared are the owner of the Residential Property on the Report Date ("Seller"), the buyer of the Residential Property under contract of sale as of the Report Date ("Buyer") and their respective licensed real estate agents ("Agents"). Seller, Buyer and the Agents are sometimes referred to herein as "Party" or "Parties."

### PART 1. INTRODUCTION AND SUMMARY:

This Report discloses the results of an electronic search of specified government lists ("Databases") containing real property tax information concerning the Residential Property. To understand the information provided, please read this entire Report.

#### The Residential Property:

- A. IS  IS NOT  Subject to one or more Mello-Roos Community Facilities Districts.
- B. IS  IS NOT  Subject to one or more 1915 Bond Act Assessment Districts.
- C. IS  IS NOT  Subject to other direct assessments.

For more detailed information as to the foregoing determinations, please review Part 2 and Part 3.

**THIS IS A DATABASE REPORT ONLY:** This Report only provides information from the Databases identified in this Report. While FANHD has made good faith efforts to report from the Databases as accurately as possible, the quality, accuracy, and currency of the information contained in these Databases can vary greatly. For more information regarding a specific Database, please read Part 2 of this Report.

**LIABILITY PROTECTIONS:** Upon consummation of the sale of the Residential Property to Buyer ("Sale Date"), the Parties involved in that sale are protected against loss caused by an error in this Report as specified in Part 8 entitled "Methods and Limitations." The Parties understand that this is a report product and not an insurance policy.

*This Report satisfies Seller's obligations to disclose (a) Mello-Roos and 1915 Act Bond Assessments applicable to the Residential Property as required by California Civil Code Section 1102.6b, and (b) Supplemental Taxes as required by California Civil Code Section 1102.6c.*

### BUYER'S ACKNOWLEDGEMENT

I (we) acknowledge that I (we) have received and read a complete copy of this California Property Tax Disclosure Report™.

Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_

Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_

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## PART 2. CURRENT TAX BILL SUMMARY

The following is a summary of information contained in the 2007/2008 year secured property tax bill. It is provided for informational purposes only. Ad valorem tax assessments are calculated annually based on the assessed value of the land and improvements. Upon transfer of ownership, the assessed value will be reset to the sale price which can result in a substantial change in the taxes assessed. Please see Parts 6 and 7 of this Report for more information regarding ad valorem taxes and supplemental taxes.

Total Assessed Value:	\$465,869
Total Parcel Tax Liability	\$ 7,052.59
1 <sup>st</sup> Installment Due 12/10/2007	\$ 3,526.30
2 <sup>nd</sup> Installment Due 4/10/2008	\$ 3,526.29

## GENERAL AD VALOREM TAXES

ASSESSMENTTYPE	AMOUNT	CONTACTPHONE
Ad Valorem Asmt.	\$ 5,199.56	213-555-1212

## FIXED ASSESSMENTS

ASSESSMENTTYPE	DESCRIPTION	AMOUNT	CONTACTPHONE
COUNTY LIBRARY	COUNTY LIBRARY ASSESSMENTS	\$ 26.75	213-555-1212
LIGHTING	CITY LIGHTING DISTRICT	\$ 54.40	213-555-1212
LMD T1 AREA WIDE	CITY T1 AREA WIDE 1	\$ 61.40	213-555-1212
LMD T46 N BRIDGE	CITY LMD T46 NORTHBRIDGE	\$ 730.92	213-555-1212
MISC ASSESSMENT	MISC ASSESSMENT	\$ 206.89	213-555-1212
MOSQUITO ABATEMENT	SOUTHEAST MOSQ ABATE	\$ 5.59	213-555-1212
NPDES STRM UTILITIES	CITY STORM WATER	\$ 20.36	213-555-1212
OPEN SPC PRESERVATION	CITY OPEN SPACE PRESERVATION	\$ 25.00	213-555-1212
SAN DISTRICT 32	CO SANITATION DIST NO.32	\$ 120.00	213-555-1212

## MELLO-ROOS ASSESSMENTS

ASSESSMENTTYPE	DESCRIPTION	AMOUNT
Mello Roos Community Facility Dist	HIGH SCHOOL USD CFD 88-4	\$ 601.72

## 1915 BOND ACT ASSESSMENTS

This property is **not subject to** 1915 Bond Assessment Districts

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## PART 3. NOTICE OF SPECIAL TAX/ASSESSMENT

TO THE PROSPECTIVE PURCHASER OF THE RESIDENTIAL PROPERTY KNOWN AS:

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### THIS IS A NOTIFICATION TO BUYER PRIOR TO PURCHASING THE RESIDENTIAL PROPERTY.

#### A. Mello-Roos Community Facilities Districts:

If the Residential Property is within the Mello-Roos community facilities district listed below, it is subject to a special tax that will appear on the property tax bill. This special tax is in addition to the ad valorem property taxes and any other charges and benefit assessments that will be itemized on the property tax bill and the proceeds of this tax or assessment are used to provide public facilities or services that are likely to particularly benefit the real property. This special tax may not be imposed on all parcels within the city or county where the property is located.

The current tax rate, maximum tax rate, the maximum tax rate escalator, and the authorized facilities which are being paid for by the special taxes, and any authorized services are indicated below. THE BUYER SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THE RESIDENTIAL PROPERTY.

**Note:** If “yes” is marked under Accelerated Foreclosure, please see Part 4 for more detailed information.

#### Mello-Roos Assessment Districts Applicable to the Residential Property

AGENCY	IMPROVEMENTS	MATURITY DATE	LEVY	MAX. TAX
High School USD CFD 88-4	Acquisition and construction and rehabilitation of school facilities	2021	\$ 601.72	1140.00
MAX. TAX ESCALATOR	CONTACT	PHONE NUMBER	ACCELERATED FORECLOSURE (YES OR NO)	
2%	John Smith	213-555-1212	Yes	

**Database Date:** 2007/2008

#### B. 1915 Bond Act Assessment Districts:

If the Residential Property is within a 1915 Bond assessment district listed below, this assessment district has issued bonds to finance the acquisition or construction of certain public improvements that are of direct and special benefit to all real property within the assessment district. The bonds will be repaid from annual assessment installments against the property within the assessment district.

Annual assessment installments of such an assessment district will appear on the real property tax bills and are in addition to the ad valorem property taxes and any other charges and levies that will be itemized on the property tax

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bill. If the assessment installments are not paid when due each year, the Residential Property may be foreclosed upon and sold.

The annual assessment installment against the Residential Property and the public facilities that are being financed by the proceeds from the sale of bonds that are being repaid by the assessments are indicated below.

THE BUYER SHOULD TAKE ANY ASSESSMENT(S) AND THE BENEFITS FROM THE PUBLIC FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THE RESIDENTIAL PROPERTY.

This property **is not subject to** 1915 Bond Assessment Districts

A COPY OF THE RESOLUTION CONFIRMING ASSESSMENTS THAT SPECIFIES MORE PRECISELY HOW THE ASSESSMENTS ARE APPORTIONED AMONG PROPERTIES IN THE ASSESSMENT DISTRICT CAN BE OBTAINED BY CALLING THE CONTACT NAME AND NUMBER LISTED ABOVE. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT

## **C. Approved Assessment Districts Which Have Been Formed and Authorized But Are Not Yet Funded**

Please be advised that certain assessment districts may have been formed and authorized but have not yet been funded. Accordingly no assessment lien will appear in the County Assessor records. However, the information regarding such districts may appear on your preliminary report issued by a title company. If the assessment district has not been formed or funded, the improvements have also not been constructed. If the district is subsequently formed, the assessments may then appear on the property tax bill.

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## PART 4. ACCELERATED FORECLOSURE INFORMATION

Certain assessment or bond issues may contain accelerated foreclosure liens which have priority over other real property taxes and are a legal right included as part of the security for the obligation. The issuers of such bonds are often contractually required to monitor and collect delinquent assessments quickly. Accordingly these assessments are not subject to the five (5) year waiting period applicable to ad valorem real property taxes. If the real property is subject to such an assessment and the taxes are not paid promptly, the real property may be foreclosed upon and sold at public auction on an expedited basis. **Therefore, it is extremely important that the real property tax bill be paid on time to prevent the accelerated foreclosure.**

If the Residential Property is subject to an assessment or bond issue with an accelerated foreclosure lien, the detailed information is disclosed below.

### A. Mello-Roos Community Facility Districts

AGENCY	CHARGEAMOUNT	CFDMAXTAXDESC	CFDESCALATOR	ENDYEAR
High School USD CFD 88-4	\$ 601.72	\$1140.00	2%	2021

### B. 1915 Bond Act Assessment Districts

This property **is not subject** to a 1915 Bond Act Assessment District Tax containing an accelerated foreclosure provision.

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## PART 5. AD VALOREM TAX INFORMATION

### A. TAX BILL INFORMATION AS OF REPORT DATE

As of the Report Date, the following is a summary of the current year secured real property tax bill applicable to the Residential Property and is provided ***for informational purposes only***. Ad valorem taxes are calculated annually based on the assessed value of the land and improvements. When a parcel of real property is sold, the assessed values are reset to the sales price. Ad valorem taxes *can increase dramatically if the sales price differs from the current assessed value of the real property!* Also certain exemptions and exclusions may be available to the existing owner which may not be available to Buyer.

#### **Ad Valorem Taxes** (Historical information only based on Seller's current tax bill)

AGENCY	DESCRIPTION	CONTACTNAME	CONTACTPHONE	AMOUNT
Any County	Ad Valorem Asmts.	ANY COUNTY TREASURER	213-555-1212	\$ 5,199.56

Buyer is advised that the foregoing information is of general interest only and will **not** be applicable to the Buyer. Upon acquisition of the Residential Property, Buyer may be subject to increased ad valorem taxes based on the sales price of the Residential Property. Please see the subsection B below to calculate the estimated ad valorem taxes applicable after the sale.

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## B. CALCULATING AD VALOREM TAXES AFTER SALE (ESTIMATE ONLY) PROPERTY TAX ESTIMATOR

The following calculation method is provided to assist Buyer in *estimating* the approximate amount of the ad valorem taxes that the Residential Property will be for the 2007/2008 (tax year) based on the assessed valuation being equal to the sales price. The amount derived is only an estimate and is not a substitute for a tax bill from the County, nor does it anticipate new property tax charges, fees or other changes in the property tax rates for the new tax year. Please see subsection D below for general information about Ad Valorem Taxes.

1	Estimated Sales Price .....	•	1	\$	_____
2	Estimated Ad Valorem Tax Rate .....	•	2	<b><u>0.01116</u></b>	
3	Multiply line 1 by line 2. This is your Estimated Ad Valorem Tax.....	•	3	\$	_____
4	Special Assessments .....	•	4	<b><u>\$1853.03</u></b>	
5	Add lines 3 and 4. Total Estimated Annual Ad Valorem Tax Amount After Sale .....	•	5	\$	_____

The information in this subparagraph B is an estimate only. The purpose of this "ESTIMATOR" is to assist Buyer in planning for ad valorem taxes which will be applicable after the Sale Date. This "ESTIMATOR" requires the Buyer's projection of the purchase price of the Residential Property. Please note that potential exemptions and exclusions are not reflected in this estimate. FANHD is not responsible or liable for any losses, liabilities or damages resulting from use of this Property Tax Estimator.

## C. EXEMPTIONS & EXCLUSIONS TO AD VALOREM TAXES

California law provides certain exemptions from reassessments. The following is a list of common exemptions which may be available:

- Homeowner exemption (California Constitution Art XIII, §3 & R&T Code §218)
- Honorably discharged veterans (California Constitution Art XIII, §3 & R&T Code §205)
- Disabled veterans(California Constitution Art XIII, §4 & R&T Code §205)

California law also provides certain exclusions from reassessment. The following is a list of common exclusions which may be available:

- Persons over 55 years of age (R&T Code § 69.5)
- Severely and permanently disable persons (R&T Code § 69.5(a))
- Transfers between parents and children and grandparents and grandchildren (R&T Code § 63.1)
- Transfers into revocable trusts (R&T Code § 62)
- Interspousal transfers (R&T Code § 63)
- Improvements for seismic retrofitting (R&T Code § 74.5)
- Improvements for disabled access (R&T Code § 74.3)
- Replacement of property damaged or destroyed by disaster (R&T Code § 69)

In order to determine if Buyer may qualify for any exemptions or exclusions or to obtain a comprehensive list of available exemptions and exclusions, please contact the county tax assessor's office (213-974-2111) or visit the county website at <http://tax.co.la.ca.us/default.htm>. Additional information is also available on the website for the California Board of Equalization at [www.boe.ca.gov](http://www.boe.ca.gov)

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## D. GENERAL INFORMATION REGARDING AD VALOREM TAXES

County assessors must value property in accordance with the California Constitution and the California Revenue & Taxation Code and related laws and regulations.

Full cash value, also known as "market value" or "fair market value," means the amount of cash or its equivalent which property would bring if exposed for sale in the open market.

A property's "base year value," for real property assessed under Proposition 13, is the property's full cash value as of the date of the latest change in ownership or completion of new construction.

An "adjusted base year value" (sometimes also referred to as the "factored base year value") is the property's base year value adjusted by an annual inflation factor, not to exceed two percent (2%) per year.

Taxable value is the value upon which the base property taxes are calculated. For most real property, this is the adjusted base year value or the property's current market value, whichever is lower.

The assessment roll is the official list of all assessable property in the county.

The lien date is the "moment" of valuation for all property. Annually, the taxable status and value of property is determined as of 12:01 a.m. on January 1. The fiscal tax year runs from July 1 to June 30.

Proposition 13 limits the general property tax rate to one percent (1%) of the assessed value, plus an amount for the debt service on any bonds approved by popular vote. The tax rate will vary depending upon where the property is located.

## PART 6. SUPPLEMENTAL TAX INFORMATION

### A. SUPPLEMENTAL TAX DISCLOSURE

The following notice is mandated by California Civil Code Section 1102.6c:

#### **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."**



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## B. CALCULATING SUPPLEMENTAL TAXES AFTER SALE (ESTIMATE ONLY) SUPPLEMENTAL TAX ESTIMATOR

The following schedule is provided to **estimate** the potential amount of the **supplemental taxes** on a given property and does **NOT** include the amount of the regular annual ad valorem property tax. The following calculation provides an estimate of the supplemental property taxes that can be expected during the first year of ownership, and should be used for planning purposes only.

- 1 Estimated Sales Price..... • 1 \$ \_\_\_\_\_
- 2 Estimated Current Assessed Value ..... • 2 \$465,869
- 3 Subtract line 2 from line 1.  
Estimated Supplemental Assessed Value ..... • 3 \$ \_\_\_\_\_
- 4 Multiply line 3 by 0.01116. (The Estimated Ad Valorem Tax Rate  
for the Residential Property)  
Estimated Full-Year **Supplemental** Tax Obligation ..... • 4 \$ \_\_\_\_\_

**If the Sale Date for the Residential Property falls during the months of January through May, Buyer will receive TWO supplemental tax bills: (a) one for the current partial tax year; and (b) one for the next full tax year. The supplemental taxes can be estimated by completing lines 5 through 8 below:**

- 5 Enter the Month-of-Sale Factor from **TABLE 1** below..... • 5 \_\_\_\_\_
- 6 Multiply line 4 by line 5.  
Estimated Supplemental Tax Bill # 1 ..... • 6 \$ \_\_\_\_\_
- 7 Enter the amount on line 4.  
Estimated Supplemental Tax Bill # 2 ..... • 7 \$ \_\_\_\_\_
- 8 Add lines 6 and 7. Total estimated Supplemental Tax Bill..... • 8 \$ \_\_\_\_\_

**If the Sale Date for the Residential Property falls during the months of June through December, Buyer will receive ONE supplemental tax bill. The supplemental tax can be estimated by completing lines 9 and 10 below:**

- 9 Enter the Month-of-Sale Factor from **TABLE 2** below..... • 9 \_\_\_\_\_
- 10 Multiply line 4 by line 9.  
Total Estimated Supplemental Tax Bill ..... • 10 \$ \_\_\_\_\_

**TABLE 1. Month-of-Sale Factor**

<b>Jan</b>	0.4170
<b>Feb</b>	0.3333
<b>Mar</b>	0.2500
<b>Apr</b>	0.1667
<b>May</b>	0.0866

**TABLE 2. Month-of-Sale Factor**

<b>Jun</b>	1.0000
<b>Jul</b>	0.9167
<b>Aug</b>	0.8333
<b>Sep</b>	0.7500
<b>Oct</b>	0.6670
<b>Nov</b>	0.5830
<b>Dec</b>	0.5000

The information in this subparagraph B is an estimate only. The purpose of this "ESTIMATOR" is to assist Buyer in planning for the supplemental taxes. The estimated supplemental tax is not a substitute for the supplemental bill and may not be relied upon as such. This "ESTIMATOR" requires the Buyer's projection of the purchase price of the Residential Property as well as month in which the transaction will be consummated. Please note that potential exemptions and exclusions are not reflected in these estimations. FANHD is not responsible or liable for any losses, liabilities or damages resulting from use of this Supplemental Tax Estimator.

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## C. GENERAL INFORMATION REGARDING SUPPLEMENTAL TAXES

California law mandates the county assessor to reappraise real property upon a change in ownership or completion of new construction. The assessor's office issues a supplemental assessment which reflects the difference between the prior assessed value and the new assessment. This value is prorated based on the number of months remaining in the fiscal tax year which ends June 30.

Notices of the supplemental assessment are mailed out to the property owners prior to the issuance of the supplemental tax bill or refund if the value is reduced. The taxes or refund based on the supplemental assessment are in addition to the regular annual tax bill.

The supplemental tax will be due from the current owner in addition to the regular tax assessment. Accordingly for the first year of ownership, Buyer should plan for this additional payment.

## PART 7. TRANSFER FEE/TAX ADVISORY: Governmental and Private Assessments Paid at the Close of Escrow

- **Private Transfer Fee.** This is a fee imposed by a private entity such as a property developer, home builder, or homeowner association, when a property within a certain type of subdivision is sold or transferred. (It is commonly known as a "Private Transfer Tax".) It is NOT the same as a city or county Documentary Transfer Tax. A Private Transfer Fee may apply in addition to government Documentary Transfer Taxes that are due upon sale or transfer of the Property.
- **Documentary Transfer Tax.** This is a government tax imposed by a city or county when a property within the jurisdiction is sold or transferred. (It is commonly known as a "Real Estate Transfer Tax".) It is NOT the same as a Private Transfer Fee, which may be imposed by a private entity such as a property developer, home builder, or homeowner association.

## A. PRIVATE TRANSFER FEES -- DISCLOSURE REQUIRED EFFECTIVE JAN. 1, 2008

**Transfer Fee Defined.** California Civil Code Section 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 governmental fees, court ordered fees, mechanic lien fees, common interest development fees, etc. are specifically excluded from the definition of "Transfer Fee."

It is estimated that fewer than 1 in 10 California homes is subject to a Private Transfer Fee. To determine if the Property is subject to a Transfer Fee, OBTAIN COPIES OF ALL OF THE EXCEPTIONS LISTED ON THE PRELIMINARY (TITLE) REPORT FROM THE TITLE COMPANY AND READ THEM TO DETERMINE IF ANY TRANSFER FEES ARE APPLICABLE.

Effective January 1, 2008, if the payment of any Transfer Fee is required in the sale or transfer of the Property, Civil Code Section 1102.6e requires Seller to notify Buyer of the existence of the fee and to disclose certain specific information about the fee.

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**Content of Disclosure.** Civil Code Section 1102.6e requires the Seller to disclose specific information about any Transfer Fee that may affect the Property. If a Private Transfer Fee affects the Property, refer to 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.

**How to Determine 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.

**Parties are advised that documents regarding any Transfer Fee should be obtained early in the sale process in order to avoid delays in the transaction process and to ensure full disclosure as required by law.**

## B. DOCUMENTARY TRANSFER TAXES

**Transfer Tax Defined.** Under California Revenue and Taxation Code Sections 11911-11929, counties and cities are authorized to impose a tax on the transfer of real property located within their jurisdiction. The tax is commonly known by various names, including the Documentary Transfer Tax, or Real Property Transfer Tax, or Real Estate Transfer Tax (hereinafter, the "Transfer Tax").

**How Much?** The "one-time" payment is made at the close of escrow and routinely documented on the HUD-1 Settlement Statement. The amount of the Transfer Tax is typically based on the value or sales price of the real estate that is transferred. The county rate is one dollar and ten cents (\$1.10) for each one thousand dollars (\$1,000) of value. The rate for non-charter ("general law") cities is one-half of the county rate and is credited against the county tax due. Charter cities may impose a Transfer Tax at a rate higher than the county rate.

For any city or county in California, the Transfer Tax rate ("Tax Rate Table") is available at no charge from many sources, most conveniently on the website of the **California Local Government Finance Almanac** (sponsored by the California League of Cities):  
<http://www.californiacityfinance.com/PropTransfTaxRates.pdf>

To estimate the Transfer Taxes for the Property, multiply the Property's estimated sales price (in thousands of dollars) by the amount shown in the Tax Rate Table for the city and county in which the Property is located.

**Who Pays?** The law states that, "the Transfer Tax must be paid by the person who makes, signs or issues any document subject to the tax, or for whose use or benefit the document is made, signed or issued." In practice, this means that the payment of the Transfer Tax is customarily made by the Seller or the Buyer, or shared by both, depending on the jurisdiction in which the transferred Property is located.

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## **PART 8. METHODS AND LIMITATIONS -- PLEASE READ!**

This Part will summarize (a) the methods used in creating this Report, (b) the limitations with respect to the data provided, and (c) the responsibilities and liabilities of FANHD under this Report. Please read this entire Part 8 carefully to understand the limitations of this Report and FANHD's responsibilities.

### **A. LIMITATIONS ON TAX INFORMATION**

FANHD has accurately reported the information in the Databases as of the dates of each Database as specified in Part 2 ("Database Dates"). With respect to the Databases, it is important to understand that:

- The Databases may not be accurate, current, fully detailed, or complete.
- A parcel of real property may be subject to an assessment district that has been approved but not created as of the Report Date.
- Changes may have occurred in the Databases since the Database Date specified above.
- There may be other governmental databases with relevant information which are not included in this Report.
- Personal property taxes are not included in this Report.
- Supplemental taxes can be assessed based on improvements to the real property after they have been completed and the assessor becomes aware of same. Supplemental taxes are **not** included in the Databases.
- Assessment districts which have been created but not funded are not included.

### **B. FANHD DOES NOT CONSTANTLY CHECK DATABASES FOR CHANGES**

Each Database used in this Report is updated by the applicable governmental agency at various intervals as determined by that agency having responsibility for the database ("Responsible Agency") and may be made at any time and without notice. FANHD maintains an update schedule and makes reasonable efforts to use updated information but it cannot feasibly do so on a constant basis, and the complexities of obtaining and adapting the data into a usable format for preparing this Report necessitates some delay once the updated information is obtained. For these reasons, FANHD reports information as of the date when the Database was last updated by FANHD which specific date is specified as the "Database Date" for each Database in Part 2.

### **C. LIMITATIONS IN THIS REPORT**

FANHD does not make any representations as to:

- The accuracy, validity or completeness of the Databases.
- Any information in a Database after the Database Date for that Database.
- Any information regarding the Residential Property after the Report Date.

This Report only provides information electronically derived from the Databases in accordance with the Methods and Limitations.

### **D. ONLY THE PARTIES MAY RELY ON THIS REPORT**

This Report is valid, the Parties may rely on the Report, and a contract is formed with FANHD, **only** upon receipt by FANHD of payment of the full price of the Report.

This Report may be relied upon only by the Parties to the transaction for which it has been purchased. This Report cannot be relied upon (a) by any persons other than Seller, Buyer and their Agents, (b) for any other real property, or (c) for any future transactions involving the Residential Property. The price paid for the Report does not include any amounts for protection of such other parties.

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## **D. LIMITATIONS ON FANHD'S LIABILITY**

Given the limited nature of this Report, and the fact that FANHD is reporting, not assuming liability, FANHD is not responsible for:

- Any inaccuracies or incompleteness of the information in the Databases.
- Inaccurate address information provided for the Residential Property.
- Any other information not contained in the specified Databases.
- Any information known by one of the Parties.
- Any changes to the information in the Databases after the Database Date.

**This Report is not an insurance policy** and does not provide the same protections as an insurance policy. It does not obligate FANHD to defend any Party against any claims, and FANHD shall not have any duty to defend against any claims pursuant to California Civil Code § 2778 or otherwise. The price of this Report has not been based upon any responsibility for defense costs, nor for assumption of all tax liability. The premium for an insurance product would be significantly greater than the cost of this Report. The Parties acknowledge that claims for damages beyond actual losses can significantly increase the costs of Reports and make prompt resolution of claims more difficult. In order to induce FANHD to provide this Report for the price charged, and to help streamline the process of resolving any disputes between the Parties and FANHD, Buyer, Seller and Agents agree that if there is a material error or omission in this Report:

- **The Party who suffers damages as a result of such error or omission shall be entitled at most to recover from FANHD the actual proved damages measured by the difference in the fair market value of the Residential Property as of the Report Date, caused by the error or omission but not in excess of the present value of the total tax amount under-reported which would payable for a five (5) year period.**
- **FANHD shall not be liable for indirect, consequential, or punitive damages (including, but not limited to, emotional distress or pain and suffering).**

FANHD shall not be liable to a Party for any matters known to that Party or its Agent (including errors in this Report) and not disclosed in writing to both the other Parties and FANHD prior to the date the Residential Property is sold by Seller to Buyer.

## **E. SELLER AND SELLER'S AGENT'S RESPONSIBILITY OF FULL DISCLOSURE**

Sellers of real property and their Agents should always fully disclose all material facts regarding the real property which they are selling. Regardless of the information in this Report, if Seller or Seller's Agent has any actual knowledge of tax information potentially affecting the Residential Property, that information should be promptly disclosed in writing to the Buyer and the Buyer's Agent.

## **F. OTHER AGREEMENTS**

This Report sets forth the complete, integrated agreement between FANHD and the Parties. Evidence of prior or contemporaneous statements, representations, promises or agreements shall not be admissible to vary the terms of this written agreement. This agreement may not be changed or amended except by a written document signed by an authorized representative of FANHD and the Parties. In the event that any dispute arises between FANHD and any Parties arising out of or relating to this Report or its subject matter, or any act or omission of FANHD, the prevailing party shall be entitled to recover his, her or its reasonable costs, including attorneys' fees, from the losing party.

If any provision of this Report, or its application to any circumstance, is held to be invalid, unenforceable, or void, the remainder of this Report shall remain in full force and effect and enforced to the fullest extent possible.

**END OF REPORT**