

K&B BAKEWELL SEASIDE VENTURE, LLC
1725 Fremont Boulevard
Seaside, CA 93955

Supplemental Disclosure - Pending Litigation

Buyer's Printed Name(s): _____

Community: Seaside Highlands
Property: Lot No.: ____ of Tract No _____
Contract Date: _____, 200_

From: K&B BAKEWELL SEASIDE VENTURE, LLC (hereafter, K&B Bakewell)

When you entered into escrow to purchase a home in the Community, you received from KB Home a "Community Long Form Disclosure" which disclosed certain information with respect to the Community, the surrounding areas and the home you are buying. We have recently become aware of additional information applicable to the Community we thought you might be interested in having.

Pending Litigation: Buyers are hereby advised that there is currently pending litigation against the City of Seaside known as "Kaatz vs. City of Seaside, et al" which was filed in the Monterey County Superior Court, Case Number M65043. The lawsuit was filed on May 15, 2003 and may impact your purchase of a home in the Community. In the lawsuit, the Plaintiff alleges that the City of Seaside, and not K&B Bakewell, is the rightful owner of the Community. The Complaint requests the Court to transfer the Community from K&B Bakewell back to the City of Seaside and render any contract between K&B Bakewell and Buyers null and void. You may request a copy of the court documents for the case at the Monterey County Superior Court, 240 Church St., Salinas, CA 93901, (831) 775-5400.

By signing below, you acknowledge that you have received and understand this disclosure and have considered the matters set forth herein in making your decision to purchase a home in the Community.

Buyer _____

Date _____

Buyer _____

Date _____