

RECEIPT FOR PUBLIC REPORT OR CALIFORNIA PERMIT

The Laws and Regulations of the California Real Estate Commissioner require that you as a prospective purchaser or lessee be afforded an opportunity to read the public report or permit for this subdivision before you make any written offer to purchase or lease a subdivision interest or before any money or other consideration toward purchase or lease of a subdivision interest is accepted from you.

In the case of a preliminary or interim public report or permit, you must be afforded an opportunity to read the public report or permit before a written reservation or any deposit in connection therewith is accepted from you.

In the case of a conditional public report or permit, delivery of legal title or other interest contracted for will not take place until issuance of a final public report or permit. Provision is made in the sales agreement and escrow instructions for the return to you of the entire sum of money paid or advanced by you if you are dissatisfied with the final public report or permit because of a material change. (See California Business and Professions Code §11012.)

**DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED
A COPY OF THE PUBLIC REPORT OR PERMIT AND HAVE READ IT.**

I read the Commissioner's Public Report or Permit on 112329SA-F00
[FILE NUMBER]
Santa Ysabel Ranch , Phase 2/ C.O.A.L. 99-0229
[TRACT NUMBER OR NAME]

I understand the public report or permit is not a recommendation or endorsement of the subdivision, but is for information only.

The issue date of the public report or permit which I received and read is: August 20, 2003

[SIGNATURE]

[DATE]

[ADDRESS]

PUBLIC REPORT / PERMIT NOTICE

614A (Rev. 3/99)

Important Notice – Please Read

Attached is the original Subdivision Public Report Out-of-State Permit, reproduce your supplies from this original. If you have any questions contact the appropriate office.

DRE FILE NUMBER

112329 SA-F00

Department of Real Estate
Subdivisions Office – North
P.O. Box 187005
Sacramento, CA 95818-7005

Department of Real Estate
Subdivisions Office – South
320 W. 4th Street, Suite 350
Los Angeles, CA 90013-1105

Reproduction Instructions

1. Read the public report/permit carefully. If it is inconsistent with your application, supporting documents, and/or current conditions affecting the subdivision, please *contact the Department immediately*. The report/permit will be corrected and sent to you as quickly as possible.
2. All public reports and permits must be reproduced on 8½ x 11 bond paper or paper of comparable quality.
3. Public reports and permits are to be reproduced on the appropriate color:

• Final public reports	White
• Preliminary public reports	Pink
• Interim public reports	Pink
• Conditional public reports	Yellow
• Permits	White
• Conditional permits	Yellow
4. All reproductions must use the same type-size as used on the original public report/permit.

Sales Representative Information

1. A true copy of this public report/permit must be given to prospective buyers and they must be given an opportunity to read it before a deposit is taken or an agreement of sales executed.
2. A separate receipt on the form *approved in Regulation 2795.1* must be taken from the prospective buyer showing that the buyer received a copy and read it before entering into a written offer to purchase or prior to making a reservation.
3. Receipts for public reports/permits must be kept available for inspection by the Commissioner or his/her Deputies for a period of three years.
4. Please read the information on page one of the subdivision public report/permit concerning *discrimination* in the sale of property. It is recommended that all sales personnel be reminded of the laws which prohibit discrimination.

Public Report/Permit Posting

A copy of the public report/permit must be posted prominently in any office where sales or leases of, or offers to sell or lease, subdivision lots are regularly made (Business & Professions Code Section 11018.1).

Material Change Information

Any change which would result in the public report or permit not reflecting the true facts of the subdivision offering is considered a material change.

If you know of any material change(s) notify your single responsible party to contact the DRE. If such change results in the subdivision public report/permit not stating the true facts or not truly representing the offering, the public report/permit must be amended.

- Refer to Regulation 2800 (or Reg. 2810.6 for time-shares) for clarification regarding "material changes".
- Refer to Regulation 2806 for other references (out-of-state permits).

Five-Year Permit

Permits are issued for a period of five years. If a complete renewal application (*including all necessary supporting documentation*) and fee are not submitted prior to the expiration date, the Department may require the permittee to submit an original, fully-documented application and pay the full filing fee for an original permit. The Department does not send renewal notices to the permittee.

Mutual Water Company Permit

The State Department of Corporations grants permits to issue shares of stock in mutual water companies formed prior to January 1, 1998. These permits are good for one year and must be renewed annually for as long as there are lots to be sold by the subdivider or the subdivider must submit evidence of compliance with the Department of Real Estate's requirements for mutual water companies. Failure to renew the permit or comply with the DRE's requirements is a material change which can result in the issuance of a Desist and Refrain Order by DRE stopping further offering of the subdivided lots.

Rescission Rights

The notice of rescission rights must be attached to the front of each undivided interest and timeshare public report or permit. Refer to Section 11000.2 and 11024 of the Business and Professions Code and Commissioner's Regulations 2792.31 and 2813.13.

Department of Real Estate
of the
State of California

FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT

In the matter of the application of

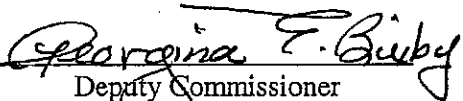
WEYRICH DEVELOPMENT COMPANY, INC.,
a California corporation

FILE NO.: 112329SA-F00
ISSUED: AUGUST 20, 2003
EXPIRES: AUGUST 19, 2008

for a Final Subdivision Public Report on

PARCEL MAP COAL 99-0229
"Santa Ysabel Ranch"

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

By 
Deputy Commissioner

SAN LUIS OBISPO COUNTY, CALIFORNIA

CONSUMER INFORMATION

- * THIS FINAL SUBDIVISION PUBLIC REPORT IS NOT A RECOMMENDATION OR ENDORSEMENT OF THE SUBDIVISION; IT IS INFORMATIONAL ONLY.
- * BUYER OR LESSEE MUST SIGN THAT HE OR SHE HAS RECEIVED AND READ THIS PUBLIC REPORT.
- * A copy of this Final Subdivision Public Report along with a statement advising that a copy of the public report may be obtained from the owner, subdivider, or agent representing the property 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. [*Business and Professions (B&P) Code Section 11018.1(b)*]

This Final Subdivision Public Report expires on the date shown above. All material changes must be reported to the Department 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, he or she should contact the Department of Real Estate.

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

Common Interest Development - General Information

A 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 automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the common areas and common 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 the operation and maintenance of the common area improvements and facilities, the association will levy assessments against your lot. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot might 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's association provides a vehicle for the management, maintenance, ownership and use of common area, and recreational and 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 an opportunity 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. And, 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 and residents of the development as a whole.

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 does 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 a timely and 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 the business and operations of a common-interest development is very much like governing a small community ... the management can serve you well, but you will have to participate, cooperate and actively work for its success.

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 the association and individual property owner in a common-interest development. To obtain a free copy of this brochure, send your request to:

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

RE 646 (Rev. 6/02)

ADVISORY NOTES

1. This report covers Lots 97 through 117, inclusive; Lots 130 through 133, inclusive; and Lot 135 through 146, inclusive and easement for road purposes and PTN 150 (slope easements) shown on that certain Map entitled "Parcel Map COAL 99-0229".

If you received a Preliminary Public Report, you are advised to carefully read this Final Subdivision Public Report as it contains substantially more information.

2. This project is a common-interest subdivision of the type referred to as a planned development. It includes common area and common area improvements and amenities, slope easements and road easements which will be maintained by an incorporated owners association. Purchase of a lot automatically entitles and obligates you as a member of the association.

Membership in the Santa Ysabel Ranch Homeowners Association is mandatory.

3. The owners association has the right to levy assessments against you for the management and maintenance of the common area and common area improvements and amenities, slope easements and road easements and other purposes. Your control of the association's operations and expenses is limited to your participation and vote as a member of the association and the right of your elected and appointed representatives to take action on certain provisions at meetings without a vote of the membership.

4. The association must hold regular meetings of the membership and elections of the association's governing body in accordance with its governing documents. The association must hold the first membership meeting not later than six months after the close of escrow and conveyance of the first lot in this subdivision. Membership meetings shall be held not less frequently than once each calendar year. The association must also prepare and distribute to all property owners a balance sheet and income statement and a summary of the association's operating and reserve accounts based upon the most recent review and/or study conducted pursuant to *Section 1365.5 of the California Civil Code*.

5. The subdivider must maintain and deliver to the owners association all records, documents and materials within a specific time period - - commencing not later than 90 days after the first close of escrow in the project. The subdivider's obligation to deliver specific books, materials and records shall apply to any document no matter when obtained. These records and materials directly affect the ability of the association to perform its duties and responsibilities. *[Regulations of the Real Estate Commissioner 2792.23, Business and Professions Code §11018.5 and California Civil Code §1363]*

6. If escrow does not close within twelve months from the date of escrow opening and the failure to close the escrow is not due to default of the buyer, escrow is to be cancelled and all purchase money funds deposited into escrow - - including funds for options and upgrades - - shall be immediately returned to buyer upon buyer's request.

7. Escrow shall not close, purchase money funds shall not be released and title shall not be conveyed to buyer until all of the following conditions have been met:

(a) Subdivider has complied with the purchase money funds requirements as applicable; and, buyer will be provided a policy of title insurance showing that the property contracted for is free and clear of any blanket encumbrances.

(b) The statutory period for recordation of all mechanics lien claims has expired or the buyer and the owners association are provided a policy of title insurance with an endorsement insuring against any loss occurring from unrecorded mechanic liens.

(c) Escrow holder has received written notice from a title company that each and every encumbrance filed of record prior to recordation of the CC&Rs or amendments thereto has either been (i) fully reconveyed; or (ii) expressly subordinated to the CC&Rs.

8. The subdivider, Weyrich Development Company, Inc., a California corporation and David B. Weyrich and Mary Therese Weyrich, Trustees of the Santa Ysabel Ranch Trust, under Agreement dated July 13, 2001, has posted bonds with Cuesta Title Company (Bond No. BE2627673) in the amount of \$51,562.00 to assure completion of certain Phase 1 common area improvements described as shared drives on the "Planned Construction Statement" attached to the Common Area Completion Security Agreement and Instructions to Escrow Depository. The estimated completion date for Phase 1 common area improvements and amenities is December 2004. [*Business and Professions Code §11018.5*]

The subdivider, Weyrich Development Company, Inc., and David B. Weyrich and Mary Therese Weyrich, Trustees, has posted a bond with Cuesta Title Company (Bond No. BE2627674) in the amount of \$654,718.00 to assure completion of certain Phase 2 common area improvements described as shared drives, decorative ponds and restored reservoir on the "Planned Construction Statement" attached to the Common Area Completion Security Agreement and Instructions to Escrow Depository. The estimated completion date for Phase 2 common area improvements and amenities is December 2003. [*Business and Professions Code §11018.5*]

Lastly, the subdivider, Weyrich Development Company, Inc., and David B. Weyrich and Mary Therese Weyrich, Trustees, has posted a bond with Cuesta Title Company (Bond No. BE2627672) in the amount of \$377,657.00 to assure completion of certain Phase 3 common area improvements described as shared drives and tennis courts surrounded by chain link fencing on the "Planned Construction Statement" attached to the Common Area Completion Security Agreement and Instructions to Escrow Depository. The estimated completion date for Phase 3 common area improvements and amenities is December 2007. [*Business and Professions Code §11018.5*]

The subdivider is obligated to complete or cause to be completed all the improvements, free of all liens and claims, on or before the specified completion dates or an extension date thereof given in writing by the owners association.

9. The subdivider must provide you with the Santa Ysabel Ranch Homeowners Association current budget and financial statement, the Articles of Incorporation and Bylaws for the association and the Declaration of Covenants, Conditions and Restrictions for Parcel Map COAL 99-0229 "Santa Ysabel Ranch" (CC&Rs) prior to the close of escrow and conveyance of the lot.

These documents contain numerous material provisions that will substantially affect and control your rights, remedies, restrictions, privileges, use and obligations; and, the association's costs for maintenance, management and operation. You should carefully review and thoroughly understand these documents before obligating yourself to purchase a lot. *[Business and Professions Code §11018.6 and California Civil Code §1363]*

10. If you purchase five or more lots from the subdivider, they are required to notify the Real Estate Commissioner of the sale and the transfer of title. If you intend to sell your lots or lease them for terms of one year or longer, you are required to obtain an amended public report before offering the lots for sale or lease. Any owner, including the subdivider, has a legal right to rent or lease his or her lots.
11. Notwithstanding any provision in the purchase contract to the contrary, a prospective buyer has the right to negotiate with the seller (subdivider) to allow an inspection of the property by the buyer or the buyer's designee under terms mutually agreeable to both parties. *[B & P Code §11010.11]*
12. When you sell or transfer title to your lot to someone else, you must give that person a copy of the Declaration of Covenants, Conditions and Restrictions; and the Articles of Incorporation and Bylaws for the homeowners association.

You must also provide a statement of the association's current assessments and fees, any delinquent assessments, penalties, attorney fees or other charges provided by the CC&Rs and governing documents. If you neglect to do this, it may cost you a civil penalty plus attorney fees and damages. *[Civil Code §1368]*

Limited Warranty. The subdivider (or builder) may include a 'limited warranty' in the contract or agreement for the home you purchase (or build). The warranty period will usually extend for one (1) year from the date of escrow closing or buyer's occupancy of the property. Generally, the warranty is applicable only to matters reported in writing by filing a "Notice of Claim" before the expiration of the warranty period. Buyer should confirm what, if any, warranty will be provided as well as the terms and conditions.

It shall be buyer's responsibility to carefully read and thoroughly understand all of the provisions, terms and conditions of the 'limited warranty'. Buyer may wish to consult with an attorney to review the warranty provisions offered by the subdivider (or builder) prior to entering into a contract.

Utility Easement. Utilities will be installed by the utility company with above and underground structures on various easements on streets and residential lots in the project. The utility provider may also relocate these structures. The utility company will solely determine the actual location of the above and underground installation and structure when constructed. The subdivider does not make these determinations.

Interests to be Conveyed. You will receive fee title to a specified lot together with a membership in the Santa Ysabel Ranch Homeowners Association and rights to the use, enjoyment and benefit of the common area and common area improvements and amenities and common facilities.

Location and Size. This project is located on the west side of South River Road, north of Hanging Tree Lane and east of Santa Ysabel Avenue and south of the City of Paso Robles, County of San Luis Obispo.

This phase of the project consists of approximately 75 acres divided into 37 residential lots and an easement for road purposes. This is phase two of a three-phase project which, if developed and completed as proposed, will consist of approximately 840 acres divided into 146 residential lots. The estimated completion date for the entire project is year 2010.

Common area improvements, common facilities and amenities in Phase 1 includes landscaping, natural terrain, open space, pedestrian and equestrian trails, a bridge, shared drives, open parking area, guard house, block retaining wall, guard rail and iron fencing, fountains, security gates, directional signs, streets and stamped concrete. Common area in Phase 2 is an easement for road purposes.

Prospective property owners should acquaint themselves with the current and potential surrounding area uses and zoning and hazards, special districts and service areas, community development and educational opportunities.

Title. Title to said estate or interest at the date hereof is vested in Weyrich Development Company, Inc., as to an undivided 90% interest and David B. Weyrich and Mary Therese Weyrich Trustees of the Santa Ysabel Ranch Trust, under Agreement dated July 13, 2001, as to an undivided 10% interest as to Parcels 1-58, 60-88, 90, 91, 92, 94-149 and Santa Ysabel Ranch Homeowners Association, a California Non-Profit Mutual Benefit Corporation as to Parcel 150.

A Preliminary (title) Report shows title, among other things, to be subject to:

An Agreement by and between the County of San Luis Obispo and Weyrich Development Company, Inc., and David B. and Mary Therese Weyrich, Trustees of the Santa Ysabel Ranch Trust under Agreement dated July 31, 2001.

Regarding: Open-Space Agreement Granting an Open-Space Easement
Recorded: April 19, 2002, Instrument No. 2002-032479, Official Records
Affects: Parcels 148, 149 and 150, only.

Regarding: Open-Space Agreement Granting an Open-Space Easement
Recorded: April 19, 2002, Instrument No. 2002-032480, Official Records
Re-recorded: May 1, 2002, Instrument No. 2002-036628, Official Records
Affects: Portion of Parcel 150.

Regarding: Open-Space Agreement Granting an Open-Space Easement
Recorded: April 19, 2002, Instrument No. 2002-032481, Official Records
Affects: Parcels 62 and 63.

Water or water rights as granted in the Instrument entitled "Grant Deed", Grantor being Weyrich Development Company, Inc., and David B. Weyrich and Mary Therese Weyrich, Trustees of the Santa Ysabel Ranch Trust under Agreement dated July 13, 2000; Grantee being Santa Ysabel Ranch Mutual Water Company, a California nonprofit mutual benefit corporation; recorded on August 19, 2002 as Instrument No. 2002-067646. Affects Lots 1 through 146 and 150.

Easements, Reservations and Dedications. Easements for public utilities, drainage, sewers, slope, private storm drain, waterline, private access, public access, emergency access, open space, public trail, and other purposes are noted in the CC&Rs and are as shown or dedicated on that certain Map entitled Parcel Map COAL 99-0229 filed in the Office of the Recorder of the County of San Luis, State of California on April 19, 2002, in Book 56, page 39 of Parcel Maps.

An easement granted to Pacific Gas and Electric Company, a California corporation, for public utilities recorded June 24, 2003 as Instrument No. 2003-067638 Official Records. Affects a portion of Lots 145 and 150.

Certain lots may contain easements given to the city, county, state, a public authority, utility, or other property owner restricting the use of the easement area.

Owners Association. The Santa Ysabel Ranch Homeowners Association, of which you will automatically become a member, manages and maintains the common area and common area improvements, amenities and common facilities in accordance with the project CC&Rs and the association's Articles of Incorporation and Bylaws.

Owners Association Management and Maintenance Expenses. The subdivider has prepared and submitted a budget for the management and business of the owners association and for the maintenance and management of the common area, common area improvements and amenities and common facilities and long-term reserves. The Department of Real Estate reviewed the budget in January 2003.

Under the Phase 2 budget, the monthly assessment against each residential lot will be \$297.39 of which \$55.60 will be reserve funds. Under the built-out budget (146 residential lots), the monthly assessment will be \$224.61 (\$53.38 reserves).

The association budget and current financial statement should be available from the subdivider or subdivider's agent representing the project. Reserve funds are not to be used for current association management, maintenance or operating expenses.

If the budget provided to you shows a monthly assessment figure which is at least 20% more or considerably less than the assessment amount shown in this public report; or, if the reserve account is not fully funded, you should contact the Department of Real Estate (Subdivisions-North) before entering into contract to purchase.

According to the subdivider and DRE budget review, assessments under the reviewed budgets should be sufficient for the proper management, operation and business of the association and maintenance of the common area, common area improvements, amenities and common facilities until the development is completed at which time it may be anticipated that the association's budget and your assessment will be adjusted.

The association may increase or decrease assessments at any time in accordance with the procedure prescribed in the CC&Rs or Bylaws.

In considering the advisability of a decrease (or a smaller increase) in assessments, care should be taken by the association membership not to eliminate amounts and funds attributable to reserves and set aside for replacement and/or major maintenance. The budget information included in this public report is applicable as of the date of budget review. Expenses (and income) are difficult to predict and even if accurately estimated, most expenses increase with the age of the facilities and with increases in the costs of living and services and utilities.

The subdivider has executed an Assessment Security Agreement with Instructions to Escrow Depository and obtained a Surety Bond in the amount of \$66,020.00 with the Santa Ysabel Ranch Homeowners Association as obligee (held by Cuesta Title Company) as partial security for its obligation to pay its assessments. The governing body and membership of the owners association should assure itself that the subdivider has satisfied its obligations to the association with respect to the payment of its assessments before agreeing to a release or exoneration of the Assessment Security Agreement and Bond.

Monthly assessments will commence on all lots in this phase on the first day of the month following the recorded conveyance of the first lot covered by this public report. The remedies available to the association against all owners (including the subdivider) who are delinquent in the payment of their assessments are set forth in the CC&Rs.

The CC&Rs provide that the subdivider or other owner of a subdivision interest will be allowed to defer from payment that portion of any assessment which is directly attributable to any structural improvement, common facility or common area improvement that is not complete at the time assessments commence. The amount of the deferment may be a fixed amount or may vary based upon date of completion or date placed into use.

Once the established criterion is met and the authority allowing the deferment is eliminated, all owners must pay the full amount of the monthly assessment as stated herein. The limitations of this exemption are set forth in Article 7 of the CC&Rs.

Covenants. This project is subject to the *(second amended and restated) Declaration of Covenants, Conditions and Restrictions for Parcel Map COAL 99-0229 Santa Ysabel Ranch* (CC&Rs) recorded on January 24, 2003 as Document Number 2003-008149, and modification (annexation of Phase 2) recorded July 23, 2003 as Document Number 2003-080945, Official Records of San Luis Obispo County.

Article headings include Definitions; Property Rights, Rights of Enjoyment, and Easements; Covenants and Use Restrictions; Powers and Duties of the Association; Assessments; Minimum Construction Standards; Architectural Control; Amendment of Declaration; and General Provisions.

Note: The headings used in the Articles of the Declaration are for convenience only and are not to be used to interpret the meaning of any such provisions.

The CC&Rs and all other association governing instruments will control your ownership in this development and your rights, remedies and obligations as a member of the Santa Ysabel Ranch Homeowners Association. Study these documents carefully before entering into a contract to purchase. The subdivider or its agent representing the project must make the CC&Rs and all association governing documents available to you.

Property Taxes. The maximum amount of any tax on real property that can be collected annually by the county is 1% of the full cash value of the property. With the addition of interest and redemption charges on any indebtedness (approved by voters prior to July 1, 1978) the total property tax rate in most California counties is about 1.25%. In some counties, the total property tax rate could be well above 1.25%.

For example, an issue of general obligation bonds previously approved by the voters and sold by a county agency (parks and recreation, water or sanitation district or other such district) could increase the property tax rate. The full cash value of the lot will be the valuation (as determined by the county) as of the recorded date of conveyance of the lot or as of the recorded date of completion of the residential unit or improvement if that occurs after the recorded date of conveyance.

Financing and Conditions of Sale. If your purchase involves financing, a form of deed of trust and note will be used. The provisions of these documents may vary depending on the lender selected. These documents may contain the following:

Acceleration Clause: 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.

Prepayment Penalty: If you wish to pay off your loan in whole or in part before it is due, you must pay a penalty.

Balloon Payment: 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 balance in one payment. If you are unable to pay the balance and the remaining balance is sizeable, you should be concerned with the possible difficulty in refinancing the loan. If you cannot refinance the loan or sell your property, or make the balloon payment, you will lose your property.

Due-On-Sale Clause: If the loan instrument financing your purchase includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell the property. This means the loan will not be assumable without lender approval. If the lender does not declare the loan to be all due and payable on transfer of title to the property by you, the lender is likely to insist upon modifying the terms of the loan 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 rate is higher than the interest rate of your promissory note.

Late Charge: If you fail to make your installment payment on or before the due date or within a specified number of days after the due date, you must pay a penalty.

The subdivider may assist you in arranging financing from a federal or state regulated lender which will make loans that allow the interest rates to change over the term of the loan. An interest rate increase ordinarily causes an increase in the monthly payment you will make to the lender. The lender will provide you with a financing disclosure form to assist you in evaluating your ability to make increased payments during the term of the loan. This disclosure form will be provided at the time you receive your loan application and before you pay a nonrefundable fee.

Purchase Money Handling. The subdivider must deposit and retain all funds (purchase money) received from buyer in an escrow depository until legal title is delivered. [*Business & Professions Code §11013, §11013.1 and §11013.2(a)*]

If the escrow has not closed within twelve (12) months from the date of escrow opening and failure to close escrow is not due to default of the buyer, escrow shall be cancelled and all funds in escrow - - including funds for options and upgrades - - shall be immediately refunded to buyer upon request.

Subject to the requirements of *California Civil Code §1675 (c) or (d), §1676, §1677 and §1678*, if purchase money funds deposited in escrow by you (buyer) have been disbursed on the instructions of subdivider (seller) as permitted by *Regulations of the Real Estate Commissioner's 2791*, the funds expended shall be immediately reimbursed to escrow by the subdivider for failure to perform within the one year term of the escrow and these funds immediately refunded to buyer from escrow.

Soils Conditions. Some lots contain engineered fill in excess of two feet. Information is available at County of San Luis Obispo Planning Department.

Geologic and Seismic Conditions. The *Uniform Building Code* provides for the planning and building officials to exercise preventive measures during the planning and grading and site preparation to eliminate or minimize damage from geologic hazards.

The *Seismic Hazard Mapping Act* requires the California Division of Mines and Geology to develop maps delineating areas subject to "Seismic Hazard Zones". Hazards to be addressed by this Act are liquefaction, enhanced ground shaking, earthquake-induced landslides, and certain and various types of ground failures. Some California cities and counties have published or adopted their own maps of areas that have been designated as zones of geologic or seismic hazard.

Prospective property owners are encouraged to inquire of the subdivider or contact the local planning and building departments to ascertain if there are such maps in official use and to determine what, if any, restrictions may apply. [*Public Resources Code Sections 2690-2699.6 and Appendix Chapter 33 of the Uniform Building Code*]

Environmental Health. The County of San Luis Obispo Public Health Agency has advised that community sewer service is not presently available for COAL 99-0229. Septic tanks and subsurface leach fields will be an acceptable method of sewage disposal on each and every lot.

Sewage disposal systems intended to be installed on slopes of 20% or greater will be designed and the installation supervised and certified to function properly under all

weather conditions by a registered civil engineer. Plans will be submitted to the County Planning Department for approval prior to the issuance of a building permit. Slopes in excess of 30% are not suitable for subsurface sewage disposal.

On all parcels of five (5) acres or less, complete soils testing and borings will be made on each parcel. Sewage disposal will comply with Title 19, County Building and Construction Ordinance.

Sewage disposal systems will be a minimum of one hundred (100) feet from creek banks, drainage swales or areas subject to inundation. Sewage disposal systems will be separated from all wells and domestic water lines.

Further, domestic water will be supplied via the creation of a new community water system. The public water system will be called **The Santa Ysabel Ranch Mutual Water Company** and will be permitted and regulated by the San Luis Obispo County Environmental Health Services. This approval will apply to single-family dwellings and will not imply approval for future lot splits or to any type of high-density residential, commercial or recreational development. To the best of the County's knowledge, potable water can be expected to be available to each and every parcel.

Sewage Disposal. The costs for a septic tank/leach field system is estimated to be \$6500. All necessary and associated opinions, permits, requirements and costs (including engineering, construction, materials, testing, etc.) will be buyer's responsibility. This sewage disposal information is subject to change. It should be noted that homeowners utilizing individual sewage disposal systems will experience typical recurring costs associated with the maintenance of such systems, including service costs, periodic tank pumping and replacement of leach fields.

Note: The County of San Luis Obispo has stated that a permit will be issued for a septic system on all lots/parcels in this subdivision. This information is applicable as of the date of issuance of this public report. If there is a change in the requirements, the subdivider must amend the public report to disclose the new conditions. If you do not intend to install a sewage disposal system at this time, there is no guarantee that the lot or parcel will later qualify for use of a septic system. Prior to purchasing a lot/parcel and commencing construction, you should contact the local health department concerning specification, requirements and any local problems.

Water. The Santa Ysabel Ranch Mutual Water Company is prepared to provide water to the lots within COAL 99-0229. The subdivider advised as follows: (i) the water system is installed and operable; (ii) the water system has been designed to provide fire protection and domestic water service to all parcels within the property; (iii) water will be furnished without exception to each lot upon demand; and (iv) the water quality meets all state standards and will be monitored periodically in accordance with state requirements. The estimated cost to purchaser for installation of service to a residential dwelling is \$2500. This information is subject to change.

Note: A mutual water company is not subject to supervision or regulation as a public utility company. No public agency has any supervision or control over the management, rates, assessments, charges or conduct of business of a mutual water company.

Usually you (the lot owner) must be a stockholder in the mutual water company and share in the costs of operation. A share of stock may be assessed for any amount the management deems necessary for the continuation of the operation of the water company. Through the share, the stockholder has a voice in the management. If a stockholder's vote is one of the minority on the issues of management, individual dissatisfaction may not be easily resolved. The share of stock is appurtenant to the individual lot or parcel and may not be disposed of separately.

Natural Hazard Area or Zone. The *California Civil Code* requires subdivider disclosure of natural hazard areas or zones affecting their subdivision. When the subdivision is located within a declared natural hazard area or zone, the homeowner's insurance policy and lender requirements may be affected.

Natural Hazard Disclosure Statement is a representation made by the subdivider based upon knowledge and maps drawn by the state and federal governments. The information is a disclosure and is not intended to be part of the purchase contract. Buyer may rely on the subdivider's information in deciding whether (or not) and on what terms to purchase the subject property. If any disclosure, or any material amendment of any disclosure is delivered after the execution of an offer to purchase, the buyer shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate his/her offer by delivery of a written notice of termination to the subdivider or the subdivider's agent representing the property.

Natural Hazard Areas are identified as: (a) a special flood hazard area (any type Zone "A" or "V") designated by the Federal Emergency Management Agency (FEMA); (b) an area of potential flooding (shown on a local, state or federal dam failure inundation map); (c) a very high fire hazard severity zone whereby owner of property is subject to specific maintenance requirements; (d) a wildland area (State Responsibility Area) that may contain substantial forest fire risks and hazards as determined by the California State Board of Forestry thus requiring the property owner to be subject to specific vegetation and structure maintenance requirements; and, (e) delineated earthquake fault zone; and (f) a designated seismic hazard zone.

Disclosure of Natural Hazard Area or Zone. Parcel Map COAL 99-0299 is adjacent to the Salinas River and is within a *Special Flood Hazard Area* and an *Area of Potential Flooding*. Purchasers will be provided a separate disclosure required under *Gov. Code Section 8589.3 and 8589.4*. This project is also within *wildland area (State Responsibility Area)*. Purchasers will be provided a separate disclosure required under *Public Resources Code Section 4136*.

Fire Protection. San Luis Obispo County Fire Department and the California Department of Forestry and Fire Protection (CDF).

During the declared wildland fire season, normally May 15 through October 31, the California Department of Forestry and Fire Protection would provide additional wildland fire fighting equipment from the Paso Robles ranger station. During the declared fire season, wildland apparatus would respond to all incidents including structure fires, vehicle fires, and vegetation fires. These types of fires are incipient wildland fires and therefore a threat to State Responsibility Areas. The CDF classifies this area as "moderate".

State Responsibility Area. The State of California has primary financial responsibility for preventing and suppressing fires, unless the County assumes this responsibility. Pursuant to *Public Resources Code Section 4291*, the property owner shall be required to do all of the following: (i) maintain a firebreak around any structure by removing all flammable vegetation and other combustible growth to the nearer of the property line or a distance of 30 feet (100 feet if required due to extreme or extra hazardous conditions); (ii) remove that portion of any tree which extends to within 10 feet of the outlet of any chimney or stovepipe; (iii) maintain free of dead or dying wood any tree adjacent to or overhanging any building; (iv) maintain the roof of any structure free of leaves, needles or other dead vegetative materials or growth; and (v) provide and maintain a screen over the outlet of every chimney or stovepipe that is attached to any fireplace, stove or other device that burns any solid or liquid fuel.

These requirements may be exempted or varied only by the responsible fire protection agency. For additional information, contact the County Fire District and the California Department of Forestry and Fire Protection or visit the CDF web site at www.fire.ca.gov.

Surrounding Area Uses and Zoning and Hazards. Rural residential, agricultural and industrial. Highway 101 and Southern Pacific Railroad line is to the west. Salinas River follows the southwest border of the project. Diablo Canyon Nuclear Power Plant is located in San Luis Obispo County; however, this project is not within a Nuclear Power Plant Basic Emergency Planning Zone. For additional information, contact the Office of Emergency Services.

Preservation of the Natural Environment within the Project:

Creek Buffer. A "buffer zone" of at least one hundred (100) feet shall be established along both sides of San Antonio Creek in order to minimize the impact to riparian habitats and wildlife. Activities within the buffer zone shall be limited to photography, horseback riding, hiking and research.

Oak Tree Preservation. Property owner shall take all actions reasonably necessary to comply with the provisions of the "Tree Removal and Protection Plan" (Tree Plan) as established by the County of San Luis Obispo.

Open Space Easement. Those areas that are shown, designated, and described on Lots 62 and 63 as "Open Space Easement" shall be subject to that certain "Open Space Agreement Granting an Open Space Easement to the County of San Luis Obispo" that recorded on April 19, 2002 as Document 2002-2032479, Official Records of the County.

Wetlands Protection. During and following any construction activities on Lots 16, 29, 33, 34 and "PTN150", the property owner or the association board (whichever is appropriate) shall establish fencing between the construction area and any identified wetland and drainage swales that may be located on these lots to avoid disturbance of same.

Prevention of Storm Water Pollution. Any construction on a lot is required to conform to the provisions of the "Urban Runoff Best Management Practice".

Kit Fox Monitoring. In the event that a trapped or injured kit fox is discovered during construction, immediately notify the California Department of Fish and Game or the United States Fish and Wildlife Service.

Building Permit. Prior to any lot preparation and construction (or improvement), you will be required to obtain a Building Permit and pay all applicable fees. These may include fees for sewage disposal and water supply systems, streets and easements, water conservation and flood control, public parks and recreational facilities, school sites, storm drainage, health and safety services, etc. The local jurisdictions including the Planning and Building Departments or Public Works will provide you (at your request) with their current list of fees, information, restrictions and requirements.

Grades, Slopes and Drainage. No change in the established grade or elevation of a lot or an easement and no change in the established slope or ratio of the cuts and fill which alters established drainage patterns shall be permitted without the prior written consent of the owners association and the County.

San Luis Obispo County Department of Public Works provided the following: *Portions of the site lie within a special flood hazard area – Flood Zone A8, as shown on Flood Insurance Rate Maps 060304 236B, dated July 5, 1982. The portions of this development which lie in the flood hazard zone are designated as “open space”. The residential lots in this development are located outside of the flood hazard area. The County of San Luis Obispo Building and Public Works Departments will enforce flood, drainage and erosion control requirements after building permits are applied for on the individual lots of this development. No unusual or dangerous conditions are apparent at this site.*

Streets and Road. The Santa Ysabel Ranch Homeowners Association will maintain the private roadway common areas within COAL 99-0229. The responsibility, authority and provisions for the costs, repair and maintenance of these private streets and roadways and shared drives are included in the CC&Rs and association budget and are a part of your assessment. Maintenance costs are subject to variation, being influenced by traffic volume, climate, original construction, age of surfaces and other factors.

The homeowners association received easements for your access over the roads for this phase of the development. The roads within this development will be owned by the developer until the last phase is annexed into the project; at that time the homeowners association will receive ownership of the roads from the developer. Until that time, you will enjoy all the privileges of the roads - - including the responsibility of maintenance - - through the easements as if the homeowners association owned them.

Public Schools. The Paso Robles Public Schools District will provide educational opportunities, challenges, activities, programs and services to all students within their district at the following facilities: Pat Butler Elementary School, George Flamson Middle School and Paso Robles High School.

For the most current information, including attendance boundaries, school calendar, educational programs, etc., property owners are encouraged to contact the district.

If you need clarification of any information in this Public Report or if you should care to make arrangements to review the documents used by the California Department of Real Estate in preparing this Public Report, call Subdivisions-North at (916) 227-0813.