

SPECIAL NOTES

1. THIS REPORT COVERS LOTS 1 THROUGH 9, INCLUSIVE, OF TRACT NO. 1460, ALBERTOLA ESTATES.
2. IF YOU ENTERED INTO AN AGREEMENT TO PURCHASE OR LEASE AN INTEREST IN THE SUBDIVISION UNDER AUTHORITY OF A CONDITIONAL PUBLIC REPORT, THE PURCHASE AGREEMENT AND THE ESCROW INSTRUCTIONS CONTAINED ARRANGEMENTS FOR THE RETURN TO YOU OF MONIES PAID OR ADVANCED IF YOU ARE DISSATISFIED WITH THIS FINAL SUBDIVISION PUBLIC REPORT BECAUSE OF A MATERIAL CHANGE IN THE SETUP OF THE OFFERING COVERED BY BUSINESS AND PROFESSIONS CODE SECTION 11012. YOU ARE ADVISED TO CAREFULLY READ THIS FINAL SUBDIVISION PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND POSSIBLY DIFFERENT FROM THAT INCLUDED IN THE CONDITIONAL PUBLIC REPORT.
3. IF YOU HAVE RECEIVED A PRELIMINARY PUBLIC REPORT FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT FROM THAT INCLUDED IN THE PRELIMINARY REPORT.
4. YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: TITLE, RESTRICTIONS, HAZARDS, PURCHASE MONEY HANDLING, WATER, FIRE PROTECTION, SEWAGE DISPOSAL, AND STREET AND ROADS.
5. IF YOU PURCHASE FIVE OR MORE SUBDIVISION LOTS FROM THE SUBDIVIDER, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.
6. NOTWITHSTANDING ANY PROVISION IN THE PURCHASE CONTRACT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SELLER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE BUYER OR THE BUYER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SELLER.

LOCATION AND SIZE: This subdivision contains approximately 94.8 acres divided into 9 lots in Monterey County at Arroyo Seco Road off Elm Avenue approximately 13.5 miles west of Greenfield, California.

TITLE: A preliminary (title) report shows title to said estate or interest, as of the date of this public report, to be vested in Philip H. Coelho and Ruth C. Coelho, Trustees of the Coelho Family Revocable Trust Dated September 6, 1991.

A preliminary (title) report shows title, among other things, to be subject to:

1. The terms and provisions contained in the document entitled "Grant Deed" recorded October 13, 1979 as Reel 1282, Page 796 of Official Records.
2. The terms and provisions contained in the document entitled "Grant Deed" recorded June 28, 1989 as Reel 2381, Page 78 of Official Records.
3. The terms and provisions contained in the document entitled "Agreement for Water Rights" recorded September 17, 2004 as Recorder Series No. 2004097940 of Official Records.
4. The terms and provisions contained in the document entitled "Permit Approval Notice" recorded May 18, 2005 as Recorder Series No. 2005049872 of Official Records.
5. The terms and provisions contained in the document entitled "Indemnification Agreement" recorded April 6, 2006 as Recorder Series No. 2006031100 of Official Records.
6. The terms and provisions contained in the document entitled "Agreement to Implement a Mitigation Monitoring and/or Reporting Plan" recorded April 6, 2006 as Recorder Series No. 2006031101 of Official Records.
7. The terms and provisions contained in the document entitled "Agreement RE: Drainage and Flood Control Systems" recorded April 6, 2006 as Recorder Series No. 2006031102 of Official Records.
8. The terms and provisions contained in the document entitled "Deed Restriction" recorded April 6, 2006 as Recorder Series No. 2006031103 of Official Records.
9. The terms and provisions contained in the document entitled "Deed Restriction" recorded April 6, 2006 as Recorder Series No. 2006031104 of Official Records.
10. The terms and provisions contained in the document entitled "Drainage Plan Notice" recorded April 6, 2006 as Recorder Series No. 2006031105 of Official Records.
11. The terms and provisions contained in the document entitled "Water Conservation Notice" recorded April 6, 2006 as Recorder Series No. 2006031106 of Official Records.
12. The terms and provisions contained in the document entitled "Septic System Notice Coelho Subdivision (Albertola Estates, Conditions 11 & 12)" recorded April 7, 2006 as Recorder Series No. 2006031662 of Official Records.

13. The terms and provisions contained in the document entitled "Septic System Notice Coelho Subdivision (Albertola Estates, Condition 13)" recorded April 7, 2006 as Recorder Series No. 2006031663 of Official Records.

EASEMENTS: Easements for utilities, pole lines, drainage, flood control, rights-of-way, building setbacks, sewers, well, tank, water treatment facilities lot, scenic, non-access strip and other purposes are shown on the Title Report and the Subdivision Map recorded in the Office of the Monterey County Recorder on April 6, 2006 in Volume 23 of Cities and Towns, at Page 24.

RESTRICTIONS: This subdivision is subject to Restrictions recorded in the Office of the Monterey County Recorder on April 7, 2006 as Series No. 2006-0317664 and modified by a First Amendment recorded in the Office of the Monterey County Recorder on May 11, 2006 as Series No. 2006042509 which include among other provisions, the following: Prior to any construction, you must obtain Design Review approval of your plans by the Design Review Board.

The Restrictions provide that the Albertola Estates Association is responsible for, but not limited to, the maintenance of the private roads and drainage facilities, for the preparation of a yearly report by a registered civil engineer and the monitoring of impacts of drainage and maintenance drainage facilities, performing fuel modification activities, and such other services as the Board may determine necessary or appropriate for the safety, comfort and well-being of the owners/residents of the project. Each lot owner will become a member of the Albertola Estates Association and will be subject to the payment of assessments to the Association.

The subdivider has submitted a proposed Association budget applicable to the anticipated maintenance obligations for the interior private roads (excluding individual driveways serving each separate residence), drainage facilities and fuel modification activities. The budget has not been reviewed or qualified by the Department of Real Estate. Under the proposed budget for the Association the assessments to be collected semi-annually against each subdivision interest will be \$996.00, of which \$326.70 is a semi-annual contribution to long-term reserves and is not to pay for current management, maintenance and operating expenses.

[See also the Streets and Roads section below for an engineer's statement containing an estimate of the annual costs per lot for private road maintenance and drainage improvements maintenance.]

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE RESTRICTIONS. THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

USES AND ZONING:

North, south, east: Rural open space
West: Rural open space/residential

HAZARDS: The subdivider advises the following hazards or unusual conditions exist within or near this development:

Note: Highway 101 is approximately 13 miles west.
Arroyo Seco River is located approximately 0.1 mile south.
Subdivision is within a supplemental Geological Hazard Zone per Monterey County.

The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area* (wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

Since all or portions of the subdivision subject to this Public Report are located within one or more natural hazard areas, your homeowner's insurance and/or insurance coverage for any association or commonly owned areas may be affected. You should contact your lender and insurance carrier for more information regarding types of insurance and costs to cover your property, as well as the owner's association or subdivider regarding any assessment increases due to additional insurance costs.

At the time this public report was issued, information regarding whether all or portions of this subdivision are located within certain natural hazard areas was not yet available to the subdivider. You should ask the subdivider for updated information before obligating yourself to purchase.

TAXES: The maximum amount of any tax on real property that can be collected annually by counties 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 counties is approximately 1.25% of the full cash value. In some counties, the total tax rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

The total tax rate for this subdivision for the 2005/2006 tax year is 1.28223%.

For the purchaser of a lot in this subdivision, the full cash value of the lot will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of the lot or as of the date of completion of an improvement on the lot if that occurs after the date of purchase.

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 questions concerning this matter, please call your local Tax Collector's Office."

ASSESSMENTS: This subdivision lies within the boundaries of the Districts listed below and is subject to any taxes, assessments, and obligations thereof:

Greenfield Union School District
King City Joint Union School District
Hartnell Community College District
South Monterey Fire Protection District

This subdivision lies within the boundaries of the County Service Area No. 74 and is subject to any taxes, assessments, and obligations thereof. This district was formed to provide county wide emergency/medical services). The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of this Public Report, it is anticipated the projected assessment for each residential unit within this development will be \$50.00. The administration of this district will be provided by County of Monterey.

CONDITIONS OF SALE: Pursuant to Civil Code Sections 2956 through 2967, inclusive, subdividers and purchasers must make certain written disclosures regarding financing terms and related information. The subdivider will advise purchasers of disclosures needed from them, if any.

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 provisions:

Acceleration Clause: This is 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.

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

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

A Prepayment Penalty: This means that if you wish to pay off your loan in whole or in part before it is due, you must, in addition, pay a penalty.

A Late Charge: This means that 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, in addition, 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 rate to change over the life of the loan. An interest rate increase ordinarily causes an increase in the monthly payment that you make to the lender. The lender will provide you with a disclosure form about the financing to assist you in evaluation of your ability to make increased payments during the term of the loan. This disclosure form will be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

**BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY
UNDERSTAND ALL LOAN DOCUMENTS.**

PURCHASE MONEY HANDLING: The subdivider must impound all funds received from you in an escrow depository until legal title is delivered to you. [Refer to Business and Professions Code Sections 11013, 11013.1 and 11013.2(a).]

If the escrow has not closed on your lot within twelve (12) months of the date of escrow opening, you may request return of your purchase money deposit.

**THE SUBDIVIDER HAS NO FINANCIAL INTEREST IN THE ESCROW
COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR
LEASE OF LOTS IN THIS SUBDIVISION.**

SOIL CONDITIONS: Soils and geological information is available at County of Monterey Planning & Building Inspection Department, 168 West Alisal Street, 2nd Floor, Salinas, CA 93901.

GEOLOGIC CONDITIONS: THE UNIFORM BUILDING CODE, APPENDIX CHAPTER 33, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION OR SUBSIDENCE. THIS SUBDIVISION IS LOCATED IN AN AREA WHERE SOME OF THESE HAZARDS MAY EXIST. SOME CALIFORNIA COUNTIES AND CITIES HAVE ADOPTED ORDINANCES THAT MAY OR MAY NOT BE AS EFFECTIVE IN THE CONTROL OF GRADING AND SITE PREPARATION.

PURCHASERS MAY CONTACT THE SUBDIVIDER, THE SUBDIVIDER'S ENGINEER, THE ENGINEERING GEOLOGIST AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH APPENDIX CHAPTER 33 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THIS SUBDIVISION.

FLOOD AND DRAINAGE: The Monterey County Water Agency has confirmed that this subdivision is in Zone C (not in a 100 year Floodplain) per FEMA Flood Insurance Rate Map for Monterey County (Community No. 060195; Panel No. 0460; Suffix D; Effective Date: 1/30/84).

WATER: The Albertola Estates Mutual Water Company is the water supplier for the lots in this subdivision. The subdivider advises that lot owners will be required to pay a monthly water service fee at the initial rate of \$270 per lot.

This is a mutual water company. 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 by a mutual water company.

The subdivider advises that you will be required to pay costs for extension to the water system and that there is a connection charge to secure water service from the mutual water company. The subdivider estimates the costs of extension from the service point to the dwelling to be between \$3,500 to \$10,000. The subdivider states the connection charge is \$1,000.

FIRE PROTECTION: South County Fire Protection District (structural fire protection).

The California Department of Forestry and Fire Protection (wildland fire protection agency) provides the following information/statement:

"Although the Coelho Subdivision resides in the state responsibility area for wildland fire protection, the South Monterey County Fire Protection District provides the structural fire and medical aid response needs.

a. The closest South Monterey County FPD fire station is located within the Coelho Subdivision next to lot #1. The closest CDF fire stations are King City FFS, 21 miles southeast of the project and Gonzales FFS, 20 miles northeast of the project.

b. The subdivision is serviced by a fire hydrant system connected to 70,000 gallons of water which are stored in tanks located at the top of the subdivision. The tanks receive their water from a well system fed from the Arroyo Seco Rive aquifer.

c. The South Monterey County FPD Station 2, located in the subdivision, has one fire engine with a 500-gallon capacity, 1000 feet of 2 1/2" hose and is staffed by volunteers. A normal structure fire response is two fire engines and a chief officer. In the event of a wildland fire, CDF will respond a minimum of five fire engines, one bulldozer, two hand crews, two air tankers, one air tactical ship, one helicopter and a chief officer.

d. The South Monterey County FPD is administered by CDF through a contract. Most responses to the Coelho Subdivision will have CDF equipment responding in addition to the

South Monterey County FPD equipment. The South Monterey County FPD also has a sprinkler ordinance for all new construction.

Battalion Chief: (831) 385-5413)

GAS: Natural gas is not available. The subdivider advises that propane gas is available in King City.

ELECTRICITY: Pacific Gas and Electric Company

TELEPHONE: SBC

SEWAGE DISPOSAL: Septic systems are proposed for sewage disposal. You must pay for your septic system. The subdivider estimates the costs to be approximately \$5,000 to \$8,500.

The County Department of Health 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 for a sewage disposal system permit, the subdivider must amend the public report to disclose the new conditions. Please note that if you do not intend to install a sewage system at this time, there is no guarantee that the lot/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 specifications, requirements and any local problems.

Per the recorded Septic System Notice (Doc. No. 2006031662) Parcels (Lots) 3, 4 and 7 are subject to an approved septic system design on file with the County Division of Environmental Health. These properties are limited in the area available for installation of their respective system and further limited to a three bedroom single family dwelling unless otherwise approved by the Director of Environmental Health.

A further restriction is placed upon Parcel (Lot) 3 per the recorded Septic System Notice (Doc. No. 2006031663) requiring primary, secondary and tertiary leachfields to be installed at the time of initial construction and prior to constructing the house.

BUILDING PERMIT: If you purchase a vacant lot within this subdivision, you will be required to obtain a building permit and pay all applicable fees prior to construction. These fees may include, but may not be limited to the following: schools, sewer, water, drainage, traffic mitigation, park, infrastructure, etc. Vacant lot purchasers should contact the local building and planning departments for the current list of fees and other requirements prior to purchasing a lot. Purchasers of vacant lots should realize, however, that these fees and requirements could change.

Purchasers are advised that there are restrictions on where the homes can be built on each lot as shown on the recorded map.

STREETS AND ROADS: The roads within this subdivision are private.

The repair and maintenance of these private roads will be in accordance with road maintenance provisions recorded as a part of the Declaration of Protective Restrictions in the Office of the Monterey County Recorder on April 7, 2006 as Series No. 2006-0317664 and modified by a First Amendment recorded in the Office of the Monterey County Recorder on May 11, 2006 as Series No. 2006042509.

(See Article VI, Section 6 of the Declaration of Protective Restrictions regarding provisions for maintenance of private driveways.)

THE SUBDIVIDER SHOULD PROVIDE YOU WITH A COPY OF THIS AGREEMENT.

The subdivider's engineer provides the following information/statement(s) regarding costs for annual road maintenance of the private roads and drainage improvements within Albertola Estates:

"The following information is offered for the costs of annual road maintenance of the private roads and drainage improvements within Albertola Estates:

1. The type of road construction: Asphaltic Concrete
2. The total number of linear feet of roads to be privately maintained: Approximately 3,600 lineal feet. With a total pavement area of approximately 57,000 square feet, the average width of the paved road is approximately 15.8 feet.
3. The annual cost per linear foot to maintain said roads: \$1.70/lineal feet/year
4. The annual road maintenance cost per lot: \$680.00/lot/year
5. The annual cost to maintain the drainage improvements, including monitoring, reporting and contingency costs: \$2,150/year
6. Annual cost per lot per year: \$238.89/lot/year
7. This area rarely if every sees snowfall of any significance

These estimated costs do not take into consideration any administration fees which may be required in order to oversee continued maintenance of the roadways and drainage improvements. If you have any questions, please contact us at (303) 832-7664."

[Note: The proposed Association budget referenced above under Restrictions includes the above costs.]

SCHOOLS: This project lies within the Greenfield Unified School District and King City Joint Union High School District. These Districts advise the schools initially available to this subdivision are:

Greenfield Union School District:

Oak Avenue School
1239 Oak Avenue,
Greenfield, CA 93927

Vista Verde Middle School
1199 Elm Avenue
Greenfield, CA 93927

King City Joint Union High School District:

Greenfield High School
1025 El Camino Real
Greenfield, CA 93927

This school information was provided prior to the date of issuance of this public report and is subject to change. For the most current information regarding school assignments, boundary changes, facilities and bus service, purchasers are encouraged to contact the above school districts.

If you need clarification as to the statements in this Public Report or if you desire to make arrangements to review the documents submitted by the subdivider which the Department of Real Estate used in preparing this Public Report, you may call (916) 227-0813.