

*Department of Real Estate
of the
State of California*

In the matter of the application of

**4127 FLORIDA, LLC.,
A CALIFORNIA LIMITED LIABILITY COMPANY**

**FINAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM DEVELOPMENT**

FILE NO.: **118703LA-F00**

ISSUED: **NOVEMBER 17, 2005**

EXPIRES: **NOVEMBER 16, 2010**

for a Final Subdivision Public Report on

**MAP NO. 15027 LOT 1
"THE PALISADES" (UNITS: 1-10)**

SAN DIEGO COUNTY, CALIFORNIA

JEFF DAVI
Real Estate Commissioner

by


Deputy Commissioner

CONSUMER INFORMATION

- ❖ **This report is not a recommendation or endorsement of the subdivision; it is informative only.**
- ❖ **Buyer or lessee must sign that (s)he has received and read this report.**
- ❖ **A copy of this subdivision public report along with a statement advising that a copy of the public report may be obtained from the owner, subdivider, or agent 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. [Reference Business and Professions (B&P) Code Section 11018.1(b)]**

This 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, domestic partnership, 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, (s)he should contact the Department of Real Estate.

Read the entire report on the following pages before contracting to buy or lease an interest in this subdivision.

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

The 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 or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and 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 operation and maintenance of the common facilities, the association will levy assessments against your lot or unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot or unit may 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 association provides a vehicle for the ownership and use of recreational and other 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 a base 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. 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.

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 do 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 an 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 a common interest development is very much like governing a small community ... the management can serve you well, but you will have to work for its success. [B&P Code Section 11018.1(c)]

Informational Brochure

The Department of Real Estate publishes the *Common Interest Development Brochure*. The information contained in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To obtain a free copy of this brochure, please send your request to:

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

SPECIAL NOTES

1. THIS REPORT COVERS ONLY RESIDENTIAL UNITS 1 THROUGH 10, INCLUSIVE OF MAP NO. 15027.
2. IF YOU ENTERED INTO AN AGREEMENT OF PURCHASE OR LEASE AN INTEREST IN THE SUBDIVISION UNDER THE AUTHORITY OF A CONDITIONAL SUBDIVISION 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 & 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 SUBDIVISION PUBLIC REPORT.
3. THE PALISADES IS A COMMON INTEREST SUBDIVISION OF THE TYPE REFERRED TO AS A CONDOMINIUM. IT INCLUDES COMMON AREAS, AMENITIES AND FACILITIES WHICH WILL BE MAINTAINED AND OPERATED BY THE 4127 FLORIDA HOMEOWNERS ASSOCIATION. THE PALISADES CONDOMINIUMS WILL BE GOVERNED BY AN INCORPORATED OWNERS ASSOCIATION KNOWN AS "4127 FLORIDA HOMEOWNERS ASSOCIATION" ("ASSOCIATION"). THE ASSOCIATION WILL BE FORMED AND GOVERNED PURSUANT TO THE TERMS AND PROVISIONS OF THAT CERTAIN *DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP FOR THE PALISADES*, RECORDED IN THE OFFICE OF THE SAN DIEGO COUNTY RECORDER AND CAN BE AMENDED FROM TIME TO TIME, AS FURTHER DESCRIBED BELOW UNDER "RESTRICTIONS" (THE "*DECLARATION*"). THE ASSOCIATION WILL ALSO BE GOVERNED AND ORGANIZED PURSUANT TO THE BYLAWS OF THE 4127 FLORIDA HOMEOWNERS ASSOCIATION ("BYLAWS") AND ARTICLES OF INCORPORATION OF 4127 FLORIDA HOMEOWNERS ASSOCIATION ("ARTICLES"). THE ASSOCIATION WILL BE FORMED TO GOVERN THE REAL PROPERTY WHICH IS SUBJECT TO THE DECLARATION AND TO MAINTAIN CERTAIN AREAS SITUATED WITHIN THE COMMUNITY WHICH ARE SUBJECT TO THE DECLARATION WHICH INCLUDE, WITHOUT LIMITATION, AREAS DESCRIBED IN THE DECLARATION AS THE "COMMON AREA".
4. THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS, AMENITIES AND FACILITIES AND OTHER PURPOSES. YOUR CONTROL OF DAILY OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.
5. SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES WILL BE MAINTAINED BY THE 4127 FLORIDA HOMEOWNERS ASSOCIATION, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE FIRST CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION. (REGULATIONS 2792.17 AND 2792.19). THE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT.

6. THE SUBDIVIDER MUST PAY ASSESSMENTS TO THE 4127 FLORIDA HOMEOWNERS ASSOCIATION FOR ALL UNSOLD UNITS. THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER THE SUBDIVIDER CONVEYS THE FIRST SUBDIVISION INTEREST IN THIS PROJECT. (REGULATIONS 2792.9 AND 2792.16.)
7. THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE 4127 FLORIDA HOMEOWNERS ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN REAL ESTATE COMMISSIONER'S REGULATION 2792.23 WITHIN THE STATED TIME PERIOD. THESE RECORDS AND MATERIALS DIRECTLY AFFECT THE ABILITY OF THE 4127 FLORIDA HOMEOWNERS ASSOCIATION TO PERFORM IT'S DUTIES AND RESPONSIBILITIES. (REFER TO SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 1363 OF THE CIVIL CODE.)
8. THE SUBDIVIDER MUST PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, BYLAWS, AND DECLARATION PRIOR TO CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A UNIT. (SECTION 11018.6 BUSINESS AND PROFESSIONS CODE.)
9. THE SUBDIVIDER WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE 4127 FLORIDA HOMEOWNERS ASSOCIATION AND EACH INDIVIDUAL PURCHASER, WITH THE DEPARTMENT OF REAL ESTATE REVIEWED AND APPROVED ASSOCIATION BUDGETS.
10. THE SUBDIVIDER STATED HE WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE CONDOMINIUM PLAN.
11. ALL COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES INCLUDING RESIDENTIAL STRUCTURES IN THIS PROJECT ARE TO BE COMPLETED IN DECEMBER 2005.
12. NO ESCROWS WILL CLOSE IN THIS PROJECT UNTIL COMPLETION OF ALL COMMON AREA IMPROVEMENTS, AMENITIES AND FACILITIES AND RESIDENTIAL UNITS OR, AS AN ALTERNATIVE, THE SUBDIVIDER HAS SUBMITTED A BOND OR OTHER SECURITY ACCEPTABLE TO THE DEPARTMENT OF REAL ESTATE UNDER THE PROVISIONS OF SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE TO ASSURE LIEN FREE COMPLETION OF ALL COMMON AREA AMENITIES, FACILITIES AND RESIDENTIAL UNITS IN THIS PROJECT.
13. THE SUBDIVIDER INTENDS TO SELL ALL OF THE UNITS IN THE PROJECT, HOWEVER, ANY OWNER, INCLUDING THE SUBDIVIDER, HAS A LEGAL RIGHT TO RENT OR LEASE THE UNITS.
14. IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS (UNITS) 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 FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THEM FOR SALE OR LEASE.

WARNING - WHEN YOU SELL YOUR UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION, ARTICLES OF INCORPORATION, THE BYLAWS FOR THE ASSOCIATION AND A TRUE STATEMENT CONCERNING

ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS' FEES OR OTHER CHARGES PROVIDED BY GOVERNING DOCUMENTS ON THE UNIT AS OF THE DATE THE STATEMENT WAS ISSUED.

NOTE: IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 — PLUS ATTORNEY'S FEES AND DAMAGES (SEE CIVIL CODE SECTION 1368).

THE SUBDIVIDER MUST MAKE AVAILABLE TO YOU COPIES OF THE ASSOCIATION'S GOVERNING DOCUMENTS, A STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS AND RELATED CHARGES AS PROVIDED BY THE GOVERNING INSTRUMENTS AND, IF AVAILABLE, CURRENT FINANCIAL AND RELATED STATEMENTS (SEE BUSINESS AND PROFESSIONS CODE SECTION 11018.6)

15. 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.

INTERESTS TO BE CONVEYED

You will receive fee title to a specified unit together with an undivided fractional fee interest as tenant in common in the common area together with a membership in the 4127 Florida Homeowners Association and rights to use the common areas.

LOCATION AND SIZE

This subdivision is located at Florida Street and Polk Boulevard within the City limits of San Diego, California. Prospective purchasers should acquaint themselves with the kinds of city services available.

This is a single-phase project, which consists of approximately .17 acres on which one (1) building contains all ten (10) units. There are ten (10) open parking spaces.

Common facilities consisting of landscaping, parking and driveway areas will be renovated or have been constructed on the common areas.

CONVERSION

This development is a conversion of an existing apartment to condominium use. The structure was completed in 1958. The Subdivider was not the original developer or contractor which constructed the original improvements in the development. The Subdivider does not represent to be intimately familiar with the development and intends to make no improvements or upgrades to your Condominium except as set forth in your Offer to Purchase Property and Escrow Instructions. Buyer acknowledges that Buyer will be acquiring the Condominium in an "as is" condition and will be required to release the Subdivider as a result of any claims relating to the original construction of the development.

The Subdivider will provide you with a written statement disclaiming knowledge of any substantial defects or malfunctions. Such statement is required by Civil Code Section 1134.

THE SUBDIVIDER HAS NOT FURNISHED INSPECTION REPORTS FROM LICENSED CONTRACTORS OR ENGINEERS CONCERNING THE CURRENT CONDITION OF MAJOR BUILDING COMPONENTS. CONSEQUENTLY, COST ESTIMATES FOR POSSIBLE FUTURE REPAIRS ARE NOT AVAILABLE. THIS MEANS THE ESTIMATES OF REMAINING USEFUL LIFE IN SUCH BUILDING COMPONENTS MAY NOT BE ACCURATE AND THE 4127 FLORIDA HOMEOWNERS ASSOCIATION BUDGET MAY NOT BE SUFFICIENT TO PAY FOR THE UNEXPECTED REPAIRS. IT MAY BE NECESSARY TO LEVY SPECIAL ASSESSMENTS AGAINST THE UNIT OWNERS TO PAY FOR SUCH REPAIRS.

MANAGEMENT AND OPERATION

The 4127 Florida Homeowners Association, of which you become a member at the time of close of escrow, manages, maintains and operates the common areas in accordance with the Governing Documents and performs the other obligations under the Governing Documents.

MAINTENANCE AND OPERATIONAL EXPENSES

The Subdivider has submitted a budget for the management, maintenance and operation of the common areas and for the creation of long-term reserves. The budget was reviewed by the Department of Real Estate September 2005. You should obtain a copy of the budget from the Subdivider. Under this budget the monthly assessments against each subdivision interest ranges from \$199.00 to \$252.00. Of this amount, a portion of the monthly contribution will go toward long-term reserves, which is not to be used to pay for current management, maintenance and operation.

The utility rates used for the calculations within this budget are based on information available at the time of the budget review date (as shown above). Increases in regular assessments or special assessments may be required as a temporary measure to provide adequate funds to compensate for potential utility rate increases. Purchasers should be aware of the possible affect these increases may have on their homeowners assessments.

The Board of Directors of the *"4127 Florida Homeowners Association"* may increase or decrease assessments at any time in accordance with the procedure prescribed in the Declaration or Bylaws. In considering the advisability of a decrease (or a smaller increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE ASSESSMENT AMOUNT SHOWN IN THIS FINAL PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN AGREEMENT TO PURCHASE.

Monthly assessments will commence on all units on the first day of the month following the conveyance of the first subdivision interest.

THE BUDGET INFORMATION INCLUDED IN THIS FINAL PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF THE BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT AND

EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

The remedies available to the 4127 Florida Homeowners Association against Owners who are delinquent in the payment of assessments are set forth in the Declaration. These remedies are available against the Subdivider as well as against other Owners.

The Subdivider has posted a bond as partial security for its obligation to pay these assessments. The governing body of the 4127 Florida Homeowners Association should assure itself that the Subdivider has satisfied its obligations to the 4127 Florida Homeowners Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

INITIAL CAPITAL CONTRIBUTION ("Start-Up" Funds)

In addition to assessments, purchasers must make an Initial Capital Contribution to the "*4127 Florida Homeowners Association*" in order for the Association to have sufficient "start-up" funds for operating the common areas.

Prior to the close of escrow, each purchaser of a unit in the project shall contribute to the working capital of the "*4127 Florida Homeowners Association*" an amount equal to one-sixth (1/6th) the amount of the then annual assessment as determined by the Board. This amount is not a prepayment of assessments nor part of the purchase price of the unit. Upon a subsequent sale by you of your Unit, you will not receive any reimbursement for such initial capital contributions.

Six months following the first close of escrow, the subdivider will deposit into escrow the capital contribution for units on which escrow has not yet closed. Escrow shall remit these funds directly to the homeowners association. On units where the capital contribution has been prepaid by the subdivider, the subdivider will be subsequently reimbursed upon the close of each individual escrow. This arrangement is set forth in the escrow instructions.

The subdivider has posted a bond as security for the obligation to pay these Initial Capital Contributions. The governing body of the association should assure itself that the subdivider has satisfied his obligations to the association with respect to the payment of Initial Capital Contributions before agreeing to a release or exoneration of the security.

EASEMENTS

Easements for utilities and other purposes are shown in the Title Report and on the Subdivision Map No. 15027 recorded June 6, 2005 in the Office of the San Diego County Recorder and in the Condominium Plan recorded November 10, 2005 as Instrument No. 2005-0979164 in the Office of the San Diego County Recorder, as the same may be modified or amended.

Other easements may be shown on other instruments that may subsequently record for portions of the 4127 Florida Homeowners Association, that may have an impact on this project. You should review the Title Report covering your Condominium Unit. However, you should also inquire of the Subdivider if there are any easements affecting your Condominium Unit that have not recorded as of the date the Title Report was issued.

Amendments to the original condominium plan may also be recorded. You may ask the Subdivider about such changes. If you purchase a unit, this information will be included in your title policy.

RESTRICTIONS

This subdivision is subject to that certain Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for The Palisades recorded November 10, 2005 as Instrument No. 2005-0979165 in the Office of the San Diego County Recorder, as the same may be modified or amended.

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

USES AND ZONING

The zoning for the perimeter of this Development is:

- NORTH - Multi-Family
- SOUTH - Multi-Family
- EAST - Multi-Family
- WEST - Multi-Family

SURROUNDING PROPERTY USES

The following surrounding land uses exist within or near this development:

Kindred Hospital: is located approximately .25 miles north of the Project.

Balboa Park: is located approximately 1 mile south of the Project.

San Diego Zoo: is located approximately 1.2 miles south of the Project.

HAZARDS

Freeways: State Highway 163 is located approximately 1.5 miles west of the Project, Interstate Highway 8 is located approximately 2 miles north of the Project and Interstate Highway 805 is located approximately 2 miles east of the Project. The existence of all three (3) of these freeways result in varying degrees of impact from noise, pollutants, lights and traffic.

San Diego Trolley: The San Diego Trolley has a stop approximately 2.5 miles to the north of the Project.

Pursuant to federal Real Estate Disclosure and Notification Rule (24 CFR Part 35 and 40 CFR Part 745), the seller is required to disclose to prospective buyers that this property may contain lead-based paint and/or lead-based paint hazards as well as provide certain written materials as mandated by current law. The seller is required to offer all prospective buyers an opportunity to conduct a risk assessment for lead-based paint and lead-based hazards prior to being obligated under a purchase contract. This risk assessment may be waived by written agreement between buyer and seller. For more information, you should contact the local office of the Environmental Protection Agency.

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

IN ADDITION TO THE DISCLOSURES PROVIDED HEREIN, YOU SHALL RECEIVE FROM THE SUBDIVIDER ADDITIONAL DISCLOSURES. YOU SHOULD READ THESE DISCLOSURES AND THE ADDITIONAL DISCLOSURES CAREFULLY BEFORE OBLIGATING YOURSELF TO PURCHASE A UNIT.

TAXES

As of the date of this Public Report, 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 total tax.

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

Your Policy of Title Insurance will be issued subject to the exception of any supplemental taxes assessed pursuant to Chapter 498, Statutes of 1983 of the State of California.

The new valuation of the Unit purchased by you, as discussed above, will be placed on the assessment roll and added taxes will be due and shall be collected upon the close of escrow and as set forth below.

The Tax Collector will issue a supplemental tax bill to the purchaser showing the amount of supplemental taxes due. It is your responsibility to pay these supplemental bills directly to the Tax Collector. The taxes are due when the supplemental bills are mailed and are delinquent if not paid by the last day of the following month. Depending on the time of year that your escrow closes, you may receive one or two such supplemental tax bills after the close of escrow by which the tax collector will assess the new "full cash value" of your Unit and collect the tax due as a result thereof.

CONDITIONS OF SALE

Pursuant to Civil Code Sections 2956 through 2967, inclusive, Subdivider 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 upon the lender selected. These documents contain the following provision(s):

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 the 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 sizable 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.

Presale Requirements. Prior to some lenders delivering loans to the Secondary Mortgage Market, the Secondary Mortgage Market may establish a pre-sale requirement (typically 70%) for this project.

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 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 the 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 (purchase money) received from you in an escrow depository until legal title is delivered to you. (Refer to Sections 11013, 11013.1 and 11013.2(a) of the Business and Professions Code.)

If the escrow has not closed on your Unit within six (6) months from the date of the subdivider's acceptance of your offer on your Purchase Agreement you may request return of your deposit.

NOTE: - Section 2995 of the Civil Code provides that no real estate subdivider shall require as a condition precedent to the transfer of real property containing a single family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the Subdivider owns or controls 5% or more of the escrow entity.

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

SOILS CONDITIONS

This is a conversion project. A soils report is not required by local government.

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 SUBDIVIDERS 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 CHAPTER 70 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THIS SUBDIVISION.

STREETS, ROADS & DRIVEWAYS

The private driveways within this project will be maintained by the 4127 Florida Homeowners Association. The costs of repair and maintenance of these private driveways are included in the budget and are a part of your regular assessment.

SCHOOLS

This project lies within the San Diego City School District. This district advises the schools initially available to this subdivision are as follows:

Birney Elementary School
4345 Campus Avenue
San Diego, CA 92101
(619) 293-4400

Grades K-5

Roosevelt Middle School
3366 Park Boulevard
San Diego, CA 92101
(619) 293-4450

Grades 6-8

San Diego High School
1405 Park Boulevard
San Diego, CA 92101
(619) 525-7455

Grades 9-12

According to the school letter received prior to issuance of this Public Report it is noted that the District also offers a host of magnet, alternative and special educational programs available to children residing in this area. Any further information please call (619) 725-7241.

NOTE: 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, facilities and bus service, purchasers are encouraged to contact the Coordinator of Facilities Services for the respective schools listed above or with the San Diego City School District at the District telephone number (619) 725-7241.

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 that the Department of Real Estate used in preparing this Public Report you may call:

*Department of Real Estate
Subdivisions South
320 W. Fourth Street, Suite 350
Los Angeles, CA 90013-1105
(213) 576-6983*