

### ***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 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

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## SPECIAL NOTES

1. THIS REPORT COVERS LOTS 1-2, INCLUSIVE, AND LOTS 5-38.
2. YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: HAZARDS, WATER, FIRE PROTECTION, AND SEWAGE DISPOSAL.
3. THE UPTON HIGHLANDS SUBDIVISION IS LOCATED ON A POTENTIALLY ACTIVE VOLCANO. THE LOT THAT YOU ARE PURCHASING MAY BE SUSCEPTIBLE TO INFREQUENT BUT CATASTROPHIC DEBRIS FLOWS, ROCK AVALANCHES, ASH FALL, STRONG GROUND MOTION, LAVA FLOWS, AND PYROCLASIC FLOWS AS A RESULT OF VOLCANIC ACTIVITY. YOUR PROPERTY MAY ALSO BE SUBJECT TO MORE FREQUENT DEBRIS FLOWS. THESE FLOWS HAVE BEEN ESTIMATED TO HAVE A 1 IN 20-35 CHANCE OF THESE OCCURRING IN ANY GIVEN YEAR. THESE DEBRIS FLOWS MAY PRODUCE SEVERAL FEET THICK OF MUD, ENTRAINED GRAVEL, AND BOULDERS. MEASURES (INCLUDING A DEBRIS FENCE THE ZONE OF GREATEST RISK AND A 50-FOOT VEGETATIVE BUFFER IN AREAS OF LOWER RISK) HAVE BEEN TAKEN TO INTERCEPT THESE DEBRIS FLOWS AT THE UP-SLOPE SUBDIVISION BOUNDARY, BUT THEY ARE DESIGNED TO ALLOW SOME OF THE DEBRIS TO PASS THROUGH IN LIMITED MANNER, CAUSING DEBRIS TO BLOCK OR BURY ROADS DAMAGE BUILDINGS AND THREATEN LIFE AND LIMB. AS A PROPERTY OWNER OF A LOT IN THE ACTIVE DEBRIS FLOWS (LOT 4,5,6,21,22,23 AND 24) YOU ARE REQUIRED TO CONSTRUCT AND MAINTAIN A THREE-FOOT TALL FOOTING OR ELEVATED BUILDING PAD FOR ALL INHABITABLE STRUCTURES. THE FOOTING MUST BE CAPABLE OF WITHSTANDING DEBRIS PILING AGAINST IT. IF YOU ARE AN OWNER IN A LESS ACTIVE DEBRIS FLOW AREA OF THE SUBDIVISION, YOU ARE RECOMMENDED, BUT NOT REQUIRED, TO INSTALL THE RAISED FOOTING OR PAD. ALL PROPERTY OWNERS WITHIN THE SUBDIVISION WILL BE REQUIRED TO PARTICIPATE IN A HOMEOWNERS' ASSOCIATION THAT WILL MAINTAIN THE DEBRIS-FLOW INTERCEPTORS AND VEGETATIVE BUFFER AT THE UP-HILL EDGE OF THE SUBDIVISION.

THE DEBRIS FENCE AND BUFFER AS MORE PARTICULARLY DISCUSSED AT MITIGATION MEASURE HG-3-2, OF THE UPTON HIGHLANDS REVISED DRAFT ENVIRONMENTAL IMPACT REPORT, HAVE BEEN DESIGNED TO RETAIN LARGER MATERIAL AND LET SMALLER MATERIAL PASS FROM REASONABLY FORESEEABLE DEBRIS FLOW BASED ON THE KNOWN GEOLOGIC FRAMEWORK. THE DEBRIS FENCE AND BUFFER HAVE NOT BEEN DESIGNED FOR CATASTROPHIC GEOLOGIC EVENTS SUCH AS VOLCANIC ERUPTION OR AN UNPREDICTABLY LARGE DEBRIS FLOW EVENT. IT IS POSSIBLE, THEREFORE, THAT THESE FEATURES COULD BE EXCEEDED IN AN UNFORESEEABLE LARGE EVENT, THEREBY, CAUSING DAMAGE OR INJURY TO PERSON AND/OR PROPERTY IN THE SUBDIVISION.

4. THIS PROJECT IS A COMMON-INTEREST SUBDIVISION OF THE TYPE REFERRED TO AS A PLANNED DEVELOPMENT. IT INCLUDES COMMON AREAS, COMMON AMENITIES AND COMMON FACILITIES WHICH WILL BE MAINTAINED BY AN INCORPORATED OWNERS ASSOCIATION.
5. 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 OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.

6. SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES WILL BE MAINTAINED BY AN ASSOCIATION OF HOMEOWNERS, 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 FORTY-FIVE (45) DAYS AFTER 51% SELL OUT OF THE INTERESTS AUTHORIZED FOR SALE UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION. HOWEVER, IN NO EVENT SHALL THE MEETING BE HELD LATER THAN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST. (REGULATIONS 2792.17 AND 2792.19). THE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT.
7. THE SUBDIVIDER MUST PAY ASSESSMENTS TO THE HOMEOWNERS ASSOCIATION FOR ALL UNSOLD LOTS. THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER SUBDIVIDER CONVEYS THE FIRST SUBDIVISION INTEREST IN THIS PROJECT. (REGULATIONS 2792.9 AND 2792.16).
8. THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE 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 HOMEOWNERS ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES. (REFER TO SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 1363 OF THE CIVIL CODE.)
9. THE SUBDIVIDER MUST PROVIDE YOU WITH A COPY OF THE ARTICLES OF INCORPORATION, BYLAWS, AND COVENANTS, CONDITIONS AND RESTRICTIONS 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 LOT. (SECTION 11018.6 BUSINESS AND PROFESSIONS CODE.)
10. THE SUBDIVIDER STATED HE WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE HOMEOWNERS ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED ASSOCIATION BUDGET.
11. THE SUBDIVIDER HAS INDICATED THAT HE INTENDS TO SELL ALL OF THE LOTS IN THIS PROJECT; HOWEVER, ANY OWNER, INCLUDING THE SUBDIVIDER, HAS A LEGAL RIGHT TO RENT OR LEASE THE LOTS.
12. 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.

13. WARNING: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS' FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS ON THE LOT 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 GOVERNING INSTRUMENTS, 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).

14. 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 lot together with a membership in the Upton Highlands Architectural and Infrastructure Property Owners Association Inc. and rights to use the common area.

LOCATION AND SIZE: This subdivision is located in Siskiyou County at Everitt Memorial Highway and Ski Valley Drive, approximately 1.14 miles from Mt. Shasta, California.

This is a single phase project which consists of approximately 113.48 acres divided into 38 lots in addition to the common area which consists of easements.

Common amenities and/or facilities consisting of landscaping, streets and drives, lighting, entry gate, wells for fire system, walls, underground storage tank and entry monument will be constructed on the common area.

MANAGEMENT AND OPERATION: The Upton Highlands Architectural and Infrastructure Property Owners Association Inc. of which you become a member at time of purchase, manages, maintains and operates the common area(s) in accordance with the Covenants, Conditions and Restrictions, Articles of Incorporation, and the Bylaws.

MAINTENANCE AND OPERATIONAL EXPENSES: The subdivider has submitted a budget for the management, maintenance and operation of the common areas and for long-term reserves. This budget was reviewed by the Department of Real Estate in June 2011. You should obtain a copy of this budget from the subdivider. Under this budget, the monthly assessment against each subdivision interest will be \$148.79 of which \$49.23 is a monthly contribution to long-term reserves and is not to pay for current management, maintenance and operating expenses.

According to the submitted reserve study and assessment and reserve funding disclosure summary, the HOA's reserve account balance is projected to be 39.4% funded at the end of the 2011 fiscal year. Based on the reserve study's funding plan, annual increases in reserve contribution would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years. Should the association not follow this reserve funding plan, prospective buyers/purchasers should be aware that it is highly probable the HOA may need to increase your regular assessment and/or pass special assessments to meet the operating and reserve funding deficiencies.

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 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 homeowner assessments.

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

The Covenants, Conditions and Restrictions 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 and/or common facility that is not complete at the time assessments commence. The amount of the deferment may be a fixed amount, or may vary based upon dates of completion or 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 outlined herein. The limitations of this allowance are specifically set forth in the Restrictions. (Regulation 2792.16c).

The association may increase or decrease assessments at any time in accordance with the procedure prescribed in the Restrictions 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.

THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF 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.

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

The remedies available to the association against owners who are delinquent in the

payment of assessments are set forth in the Restrictions. These remedies are available against the subdivider as well as against other owners.

The subdivider has posted a Letter of Credit as partial security for the obligation to pay these assessments. The governing body of the association should assure itself that the subdivider has satisfied these obligations to the association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

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

1. The terms and provisions contained in the document entitled "Agreement for Maintenance of a Fence on Boundary Line Lying Between Adjoining Land Parcels" recorded April 16, 2004 as Instrument No. 04-0005611 of Official Records.
2. The terms and provisions contained in the document entitled Memorandum of Option Agreement recorded September 12, 2006 as Instrument No. 06-0012683 of Official Records.
3. The terms and provisions contained in the document entitled Right to Farm Statement of Acknowledgment recorded April 11, 2007 as Instrument No. 07-0004625 of Official Records.
4. An easement for fire suppression and incidental purposes in the document recorded October 31, 2007 and December 5, 2007 as Instrument No. 07-0013996 and Town Map Book 8, Page 36 of Official Records.

Affects Lot 10

5. An easement for construction and maintenance of a debris fence, vegetative buffer and incidental purposes in the document recorded October 31, 2007 and December 5, 2007 as Instrument No. 07-0013997 and Town Map Book 8, Page 36 of Official Records.

Affects Lots 1-7

EASEMENTS: Easements for utilities, private road, ingress, egress, fire suppression, construction of and maintenance of a debris fence, emergency access and other purposes are shown on the Title Report and Subdivision Map recorded December 5, 2007 in the Office of the Siskiyou County Recorder, Town Map Book 3, Pages 36 through 43.

RESTRICTIONS: This subdivision is subject to Restrictions recorded in the Office of the Siskiyou County Recorder, on December 12, 2007, as Instrument Number 07-0015448. Amendment to Restrictions recorded on March 10, 2009, as Instrument Number 09-0002302 of Official Records. Amendment to Restrictions recorded on March 10, 2009, as Instrument Number 09-0002303 of Official Records. Amendment to Restrictions recorded on April 21, 2011, as Instrument Number 11-0003433 of Official Records.

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

**HAZARDS:** The following hazard exists within or near this development:

McCloud River Railroad 1500 feet to the south  
Pacific Power and Light lines across southwest corner of lot 15

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.

**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.

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 Mt. Shasta Union Elementary 1997 district and is subject to any taxes, assessments, and obligations thereof.

This subdivision lies within the boundaries of County Service Area No. 3 and is subject to any taxes, assessments, and obligations thereof. This district was formed to provide ambulance 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, the 2010-2011 assessment is \$2. The administration of this district will be provided by the Mt. Shasta Fire protection District.

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 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 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 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 non-refundable fee.

BEFORE SIGNING, YOU SHOULD CAREFULLY 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 11013.4(a).]

If the escrow has not closed on your lot within one (1) year from escrow opening, you may request the return of purchase money 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 has a financial interest of 5% or more.

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 information is available at Siskiyou County Department of Public Works, 305 Butte Street, Yreka, CA 96097.

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.

FIRE PROTECTION : In a letter dated February 14, 2011 by the Department of Forestry and Fire Protection: The Upton Highlands Subdivision (all portions) lies within the State Responsibility Area (SRA) in the unincorporated area of Siskiyou County. The Subdivision lies within Mt. Shasta Fire Protection District and they respond into CAL

FIRE's area to assist on both Wildland fires and improvement fires.

CAL FIRE has a fire station located in the City of Weed and a fire station in McCloud, California. Both fire stations are staffed 24 hours a day, seven days a week, all year. Each fire station has two fire engines assigned during the summer preparedness months (June through October). During the winter preparedness months, the Weed station has one fire engine assigned there under an Amador Contract with the County of Siskiyou and the McCloud Station has one engine staffed under a zone of increased benefit (ZIB). The CAL FIRE Station at Weed is located about 11 miles away. The CAL FIRE Station at McCloud is located about 15 miles away.

The Upton Highland Subdivision is located in a Very High Fire Danger Zone- Government Code Sec. 51182.

The Wildland fire response on a High Fire Danger Dispatch Level would be 6 engines, a Battalion Chief, a Prevention Officer, 2 Hand Crews, 2 dozers, 2 Air Tankers, 1 Helicopter, 1 Air Attack Ship. The Shasta Trinity USFS, Mt Shasta FPD, Hammond Ranch Fire co., and Weed city Fire Department would also respond on Mutual aid.

A structure fire response would be a Battalion Chief and a total of 4 engines. Engine response would be from the Mt. Shasta Fire Protection District, Hammond Ranch Fire Company, McCloud Fire Department, Weed City Fire Department and CAL FIRE.

SEWAGE DISPOSAL: Septic systems will be used for sewage disposal. You must pay for your septic system. The Subdivider estimates the costs to be \$4,000.

The Siskiyou County Health Department 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 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.

WATER: In a letter dated February 3, 2011 by the Subdivider's well driller stated the following information: The water wells in the Upton Highland Subdivision near Mt. Shasta city, CA., vary in depth to 300 ft and productions are 25 gpm or more. The cost to complete drilling, casing, sealing and permitting the well is \$11,496. A pump and pressure system installed would be \$5,600. Total cost would be \$17,096 for a 300 ft well completed with the latest style pump and pressure system would be 417096.

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.

STREETS AND ROADS: The private streets within this project will be maintained by the homeowner association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular assessment.

SCHOOLS: This project lies within the Mount Shasta Union School District and the Siskiyou Union High School District. These District advise that the schools initially available to this subdivision are:

Mount Shasta Union School District:

Mount Shasta           K-3  
501 Cedar Street  
Mount Shasta, CA 96067  
530-926-33434

Sisson School           4-8  
601 East Alma Street  
Mount Shasta, CA 96067  
530-926-3846

Community Day School   K-8  
595 East Alma Street  
Mount Shasta, CA 96067

Siskiyou Union High School District:

Mount Shasta High School  
710 Everitt Memorial Highway  
Mount Shasta, CA 96067  
530-926-2614

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 district.

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.