

SAN FRANCISCO DISCLOSURES AND DISCLAIMERS ADVISORY

(This form is intended to supplement the California Association of REALTORS®
Form SBSA, "Statewide Buyer and Seller Advisory")

This Advisory is intended for use in San Francisco.

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INTRODUCTION:

This Advisory contains important information regarding the purchase of real property located in San Francisco. This Advisory was revised as of November, 2012. The information in this Advisory may change over time, and new issues may develop, and laws and regulations may change at the federal, state, county, city and/or private, local level.

Sellers must understand the importance and significance of their disclosure obligations. Sellers need to take the time to truthfully, carefully and fully complete all aspects of the disclosure documents. Sellers must disclose anything that is known to them that materially affects value or desirability of the Property. Sellers who need help in completing their disclosure obligations should consult with their own attorney. Brokers are not in a position to determine the legal sufficiency of any disclosure.

For Buyers, this is not intended to be a comprehensive guide to buying real estate, but rather is intended to educate Buyers and to inform Buyers that, in purchasing something as complex and valuable as real estate, Buyers have a legal responsibility to protect themselves by taking precautions to investigate all issues that may affect their decision, including the issues detailed in this Advisory, as well as any other issues which impact the condition, use, value or desirability of the Property, or the price to pay for the Property.

Buyers should read this Advisory in conjunction with: (a) all disclosures received from Sellers and the real estate Brokers involved in the transaction including, amongst others, the Real Estate Transfer Disclosure Statement ("TDS") and the Seller Property Questionnaire ("SPQ"), if provided by Seller; (b) all reports of inspections by professionals regarding the Property; (c) all reports and disclosures from third parties and governmental agencies; and (d) the results of Buyer's own investigations.

Buyers are responsible for conducting their own investigations into the issues discussed in this Advisory, as well as any other issues that are not covered in this Advisory, to the extent that those additional issues may affect the Buyers' determination of the condition, use, value or

desirability of the Property. Do not just rely on real estate brokers or Sellers as sources for all information. Buyers are strongly advised to conduct their own investigation. Buyers are urged to engage licensed professionals to evaluate all aspects of the Property, and to consult all appropriate governmental agencies. Buyers should thoroughly and thoughtfully inspect and evaluate the Property and, in so doing, meet their obligation to protect themselves, including regarding those facts which are known to or within the diligent attention and observation of the Buyers.

Further, Buyers are urged to conduct such additional and further investigations and inspections regarding any issues as may concern Buyers which are raised in those advisories, disclosures, inspections, and/or reports received by Buyers. Buyers' right to conduct certain types of investigations may be limited by the Purchase Agreement.

Some of the issues that are covered in this Advisory are point-of-sale requirements, or retrofit requirements that may also be triggered by remodeling efforts or efficiency requirements. In addition, there are many laws, regulations and ordinances which may impact Buyer's plans for remodel, expansion or change of use after the purchase, which are too detailed to be covered in this Advisory. Buyers should be aware of the fact that the apparent or current use of a property is not a guarantee that such use complies with applicable laws, including zoning ordinances. Buyers must investigate the applicability of these requirements to the past, present and future sale, purchase, ownership, use and/or development of the Property.

All such Buyer investigations should take place prior to the Buyer's removal or waiver of any inspection contingency.

Buyers must bear in mind that a Property may contain defects and deficiencies of which neither Sellers nor Brokers are aware. Buyers should also recognize that not all issues or conditions can be objectively determined - even by professional investigations. Further, some issues can have varying impacts on different people since some people may be more sensitive than others, for example, to sounds and odors.

Although licensed to list, sell and lease real estate, Brokers may not have expertise on the issues in this Advisory. Given Buyer's legal duty to exercise reasonable care to protect himself or herself regarding facts that are known to or within the diligent attention or observation of a buyer, Buyer is urged to investigate, without limitation, (a) all public records which may affect the Property; (b) neighborhood conditions which may affect the property; (c) the items in the following paragraphs of this Advisory, (d) the condition of the foundation, roof, plumbing, heating, air conditioning, electrical, mechanical, energy and water efficiency, security, appliances/personal property, pool/spa, and all other systems and components, and (e) all laws, regulations, and ordinances that may affect Buyer's intended use of the Property.

The California Association of REALTORS® does not warrant or guarantee the accuracy of the information contained in this Advisory or the adequacy of the information contained herein as it relates to a specific real property transaction. Any representations about the issues in this Advisory made by third parties have not been verified by Brokers and need to be independently confirmed by Buyers.

A. GENERAL ADVISORIES

1. GENERAL CONDITIONS

Real estate markets are cyclical. It is impossible to predict what the market conditions will be at any given time. The ultimate decision of what amount to offer on any given property rests with the buyer. Buyers need to decide what they are willing to pay for a property in light of market conditions and their own financial resources. Buyers also must decide what type of offer they are willing to make in recognition of market conditions existing at the time of their offer. Purchase price is not a simple calculation based upon square footage but an agreement as to what the Buyer will pay and what the Seller will accept.

Real estate brokers traditionally recommend that Buyers protect themselves by conditioning their purchase of the Property on an inspection of the Property so that the Buyers can be assured that the Property meets their needs. In some markets, many Buyers are choosing to forego that sage advice so that their offer is more attractive to the Seller. If, after making an offer without a property condition contingency, a Buyer becomes aware of an aspect of the condition of the Property that affects its value or desirability, the Buyer may still be required to proceed to purchase the Property or possibly pay damages to the Seller, which may be the deposit in escrow. If this is a condition that must subsequently be repaired the Buyer may have to pay to correct those problems and after escrow closes, the Buyer may have no legal recourse against any of the parties in the transaction including the Seller, the brokers or the inspectors.

Waiving the right to have a contingency regarding the property condition does not waive the Buyer's right to inspect the Property, even if the Property is being sold "AS IS". Regardless of whether there is a property condition contingency, Broker recommends that prospective Buyers have the Property thoroughly inspected by their own experts prior to the close of escrow.

The lender's approval of financing includes the lender's determination that (A) the Buyer is creditworthy and can afford to make the mortgage payments and (B) that the Property appraises for at least the principal amount of the loan. Even if a Buyer has obtained a prequalification or pre-approval letter from a lender, the lender may not ultimately approve the loan. Denial of a loan may be because the lender's appraiser determines that the Property's fair market value is less than the amount of the purchase price or if the Buyer's financial/employment situation has changed or because the lender's policies have changed. If there is no financing contingency and the Property does not "appraise", the Buyer may not be able to afford to make up the difference between the loan amount applied for and the loan amount actually offered by the lender. Under those circumstances, the Buyer may not be able to perform on Buyer's contractual obligations. This could then result in the Buyer paying damages to the Seller. It is a serious risk for a Buyer to eliminate from the purchase contract their right to have a financing contingency if they intend to secure a loan.

2. SHORT SALES

Seller and Buyer are advised that the sale of the Property will result in a "short sale" if there is insufficient equity in the Property to pay off all of the liens, including deeds of trust, judgments, unpaid taxes and any other debts that have been recorded against the Property and/or the closing costs, including real estate commissions. Other than Sellers facing mortgage difficulties have several options besides a short sale, including a loan modification, short sale, foreclosure, deed in lieu of foreclosure and bankruptcy; each seller's situation is different. The Seller's decision as to which of these options are chosen may affect the Seller's taxes, credit rating, and/or future options. Brokers and their agents cannot, and will not, provide tax, credit and/or legal advice regarding these

possible options, or how any of these issues may affect any sale of the Property. Because of these important issues, prior to proceeding with a short sale, Sellers are strongly urged to consult with a Certified Public Accountant, credit consultant, and/or an attorney specializing in real property, taxation and bankruptcy issues. To the extent that Seller fails to obtain this necessary advice, Seller is acting against the advice and recommendation of Broker.

In a short sale, Seller's lender(s) are not obligated to approve the short sale and they are not obligated to provide any type of response regarding the short sale during any set period of time. If there are two lenders on the property, this further complicates the transaction which may take even longer. Frequently, lenders may ask parties other than the seller to contribute money before they will approve the short sale. The short sale cannot close until all lenders and parties are in agreement on these issues. There is potential liability for any party who tries to circumvent or "work around" those terms and conditions either through escrow or outside of escrow. All payments to be made by any party to anyone as part of the Buyer's acquisition of the Property must be fully disclosed to all lenders and approved by all lenders.

3. BANK-OWNED ("REO") PROPERTIES

"REO" stands for "real estate owned" which is how banks and other lenders categorize real property that they have taken back on either a foreclosure or a "deed in lieu" of foreclosure. When a bank is the seller, there are substantial differences in the way the transaction proceeds, as compared to how it typically works when the seller is a person. These differences include, but are not limited to, the following:

Depending on whether the REO seller acquired the property through foreclosure, the seller may not be required to give the buyer a Transfer Disclosure Statement ("TDS") describing the condition and features of the property, or to complete other important disclosure forms regarding natural hazards, taxes, bonds and assessments affecting the property, earthquake safety information, and information about nearby industrial and military weapons sites.

REO properties may also be "distressed" as a result of neglect and/or vandalism. But, the lender/seller may have little or no knowledge of the property. While lender/sellers who have acquired property by foreclosure do not have to complete a TDS, they are still required to disclose any known conditions or defects affecting the value or desirability of the property such as repairs completed by the lender/sellers or their agents, and make other required disclosures. However, those disclosures may be of little value in light of a lender/seller's limited knowledge of the property.

Buyer is advised to fully investigate the condition of the property including obtaining any and all necessary inspections by appropriate experts. Brokers and agents advise against closing escrow without obtaining and understanding all legally-mandated disclosures from Seller, and securing all necessary inspections and investigations as recommended.

The lender/seller may give you a verbal "acceptance" of your offer. Such acceptances are generally not binding, in the absence of other writings sufficient to constitute an agreement to sell. If you are in doubt as to whether you have a binding agreement, you should consult your own real estate attorney.

REO lender/sellers usually will attach a lengthy Addendum to the standard form purchase agreement, or may even require the use of their own contract form. These addenda and contracts have been drafted by the attorneys for the lender/seller and generally are drafted to favor the lender/seller. It is strongly recommended by your agent

that you review this Addendum or contract with an attorney, because real estate licensees are not qualified or competent to give you advice on legal documents drafted by attorneys for other parties.

If you receive such a lender/seller Addendum or contract, read it thoroughly for understanding since it will affect your contractual rights. Some clauses may limit or take away your legal rights in certain circumstances, or limit your recovery against the lender/seller. Some clauses may impose per diem charges for delays in closing. Other clauses may require you to hold the lender/seller harmless and release the lender/seller from certain potential liabilities. Again, your agent strongly recommends that you get any questions you may have answered by your attorney.

4. FLOORS AND WALLS

The personal property of the Seller may make a visual inspection of floors and walls difficult. The existence of certain types of flooring, such as carpeting and rugs, as well as certain types of wall coverings, such as wallpaper and paneling, as well as furniture prevent inspectors and brokers from inspecting the condition of the floors and walls beneath those materials. When exposed, these areas may exhibit a different pattern of wear or shade of color. If the Buyer desires to determine the condition of the floors and walls beneath such coverings, Buyer will need to secure the written authorization of Seller to conduct investigations with appropriate professionals since removal of floor coverings may be required.

5. TEMPERED GLASS

Many homes contain glass that IS NOT tempered in locations where tempered glass IS now required by building regulations. Buyer is advised to have a contractor's inspection to identify the presence of any glass that is not tempered before removing a physical inspection contingency on a prospective purchase of real property. Buyer should consider replacing any non-tempered glass with tempered glass to reduce the risk of injury.

6. CONDOMINIUMS, COMMON INTEREST DEVELOPMENTS AND HOMEOWNERS ASSOCIATIONS

Properties located in a Common Interest Development (or "CID," which is a broad term commonly used to describe a condominium, co-op, planned unit development, etc.,) are usually managed by a homeowners' association, or "HOA", pursuant to a Declaration of Covenants, Conditions and Restrictions ("CC&Rs") which govern the use of the property, assessments and costs for maintaining the HOA and common areas. The Seller should request that the Homeowners' Association provide certain required documents regarding the HOA operation and expenses to meet the Seller's disclosure obligations under Civil Code Section 1368.

It is strongly recommended that Buyers receive the current HOA documents from the HOA rather than from an earlier transaction. Buyers should receive and review the HOA response to the request from the Seller for HOA documents (Page 2 of C.A.R. form HOA). Buyers need to carefully examine all of the documents that are provided regarding the HOA and compare the documents with the list of required disclosures specified in the HOA form from the California Association of REALTORS®. If any document(s) are missing, Buyer should send a written request to the Seller that the Seller provide the missing documents and/or provide a written explanation for why the document(s) were not included with the other HOA documents. Buyers should retain the services of

experts, such as attorneys, accountants or others who specialize in reviewing HOA documents to determine the adequacy of the reserves and assessments, and whether or not the Property is suitable for Buyer's intended uses. In reviewing the adequacy of assessments and reserves, Buyers should also request and obtain any available information about intended maintenance, repairs or improvements that may be contained within HOA documents.

Due to noise and other factors, the CC&Rs and Rules and Regulations from the HOA may restrict the use, the type of alterations/improvements, floor and/or wall material that can be used in certain units and/or the number, size and/or type of pets. Buyers should carefully review the CC&Rs and other HOA documents and directly contact the HOA Board to determine whether or not the Property can be used for Buyer's intended purposes. Buyer should also determine whether or not the Property meets Buyer's subjective personal preferences.

Many Condominiums and other Common Interest Developments have been involved in or are presently involved in litigation regarding the design, construction, maintenance and/or condition of all or a part of the Development. Whether or not these lawsuits are successful, litigation is expensive and the cost of such legal actions may impact not only the adequacy of the HOA reserves but also the amount of current or future assessments. When an HOA is involved in a lawsuit, it can make it very difficult to refinance or obtain financing on a unit. Therefore, Buyers are urged to investigate the existence of any pending lawsuit.

Occasionally issues arise in the purchase of Property in a Common Interest Development regarding parking and/or storage spaces associated with a single interest or unit in the Development. Parking space(s) and storage space(s), if any, may be described in a Condominium Map/Plan or in the Preliminary Title Report issued by a Title Company. In some cases the HOA assigns parking and storage spaces. Buyers should determine for themselves whether or not the allotted parking space(s) are adequate to park the Buyers' vehicle(s) in the assigned spaces by actually parking in those spaces. The actual markings, striping and numbering of these space(s) may not accurately reflect the actual spaces and may be in conflict with the space(s) designated in the recorded documents. It is therefore crucial that Buyer personally determine that the parking and storage space(s) that are designated in the recorded documents are actually being transferred to Buyer and that those space(s) are acceptable for the Buyers' intended needs and uses of the Property.

Many HOA's prohibit or limit an owner from renting or leasing some or all units owned by a particular owner depending on when the prohibition or restriction was enacted. An owner in a CID may be exempt from any such limitation. However, generally any exemption will not apply to a prohibition that was in effect before the owner acquired title to his or her unit. Investor buyers in a CID should be sure to check which rent prohibitions are in effect; and inquire of the HOA if they are planning on implementing any such prohibitions which might go into effect prior to the close of escrow.

The existence of HOA insurance does not necessarily mean that there is insurance coverage for any given single interest or unit in the Development, an owner's remodeling or upgrade efforts and/or the owner's contents. See Insurance information below.

7. INSURANCE

During the inspection contingency, Buyer should consult with an insurance broker to determine the cost of homeowners' insurance, including CID owners' policy in the case

of a CID purchase, as well as the types of coverage that may be available and any conditions that the insurance company is going to impose. For example, many insurance companies are refusing to provide homeowners' insurance coverage unless certain retrofit requirements are met, such as installation of safety glass and/or fireplace spark arresters and a gas shut-off valve. The fact that an insurance company may require these repairs does not necessarily mean that the Seller is obligated to pay for and/or make the repairs requested by the insurer. In addition, prior claims submitted by Buyer on other properties may affect the final cost of the homeowners' insurance on the property being purchased by Buyer. In certain situations, Buyers can end up in breach of the purchase agreement if they are unable to obtain financing as a result of the failure to obtain adequate homeowner's insurance. Buyer should investigate these matters thoroughly prior to removing their inspection contingency.

8. RE-KEYING

Buyer is advised that all locks should be re-keyed immediately upon close of escrow for the Buyer(s) safety and security of their person(s) as well as their personal belongings. Alarms, if any, should be serviced by professionals and codes should be changed. Garage door openers and remotes should be re-coded.

9. ONLINE PHOTOS

Sellers and Buyers are advised that photos of their property will be included in the MLS listings and, perhaps, on the listing broker's website. It is now common that such photos will subsequently be added to other brokers' websites, and various national listing aggregation sites such as Realtor.com, Trulia, Zillow, and others. From there, photos may be copied on to other websites as well, with or without the permission of the host site. After the close of escrow, or a termination of a listing, sellers and buyers are advised it is not possible for the listing or selling broker to remove these photos from websites over which they have no control.

10. WET WEATHER CONDITIONS

At times, this area may have months with heavier than usual rainfall. During these times, hillside properties may be susceptible to earth movement and drainage problems. Properties on flatlands may be susceptible to flooding. Properties which may not have experienced water intrusion into or under the property in the past may experience these conditions as a result of weather-related phenomena. Sellers are obligated to disclose to buyers those material defects or conditions known to them which affect the value or desirability of the property; however, not all Sellers may be aware of recent changes in the conditions of the property or its improvements caused by unusually wet weather. Because of these factors, it is recommended that, in addition to a home inspection, Buyer have such additional inspections by inspectors or engineers regarding these conditions as Buyer may desire.

B. SAN FRANCISCO SPECIFIC ADVISORIES

11. UNSTABLE HILLSIDES

Many of San Francisco's hills include active or potentially active landslide areas. Many of the geologic forces which have shaped California are still active today. The only way to determine the nature of the soil and bedrock under a structure, and how these forces may affect the structure, is with a geologic or geotechnical inspection and report.

12. SAN FRANCISCO CLIMATE CONDITIONS

The San Francisco area exhibits several micro climates. Buyer is advised that these areas are subject to frequent strong winds, wind-driven rain, fog, salty sea air and mist, and direct sunlight, any of which, alone or in combination, can impact the condition of the land as well as prematurely age the interior and exterior of structures. Erosion, warping and cracking of surfaces, failed seals on dual-paned windows, deterioration of roofing material, and water intrusion, among other problems, are not uncommon with such properties, and thus these properties require regular, thorough maintenance. Buyer is advised to fully investigate these conditions and the increased maintenance and repairs that may be needed for any Property located in these coastal areas.

13. SAN FRANCISCO BAY REGULATIONS

The San Francisco Bay Conservation and Development Commission ("BCDC") is charged with the responsibility of restoring Bay wetlands and marshes, preventing wetlands and mudflats from being filled, and supporting the continued and productive use of salt ponds. Properties abutting San Francisco Bay, its tidelands and marshes, may be subject to the jurisdiction of the BCDC which may limit building, and impose other requirements on property owners. Buyers of such property are urged to contact BCDC at (415) 352-3600.

14. REAL PROPERTY TAXES AND ASSESSMENT DISTRICTS

The Purchase Agreement addresses payment of real property taxes and assessments relating to the Property. As part of their negotiations for the Purchase Agreement, the parties may decide how to prorate such taxes and assessments; payments on bonds and assessments and their assumption by Buyer; and payment of Mello Roos and other Special Assessment District bonds and assessments that are now a lien on the Property.

The existence of Mello-Roos and 1915 Bond districts will be reported in a report by a Natural Hazard Disclosure (NHD) company. Most other assessment districts will be reported in the Preliminary Title Report from the title company. Still others may be disclosed by Seller or local disclosure. The Seller's tax bill alone does not necessarily reflect all of the costs related to taxes and assessments on real property. If there is a question as to whether an existing bond or assessment will be prorated as of the close of escrow, or whether Seller will pay off the bond or assessment at close of escrow, Buyer is advised to discuss the matter with the appropriate District prior to removal of the appropriate inspection or title contingency, and to address responsibility for payment of taxes and assessments in the negotiations for the Purchase Agreement. Information regarding Property Tax Reassessment may be found at <http://sfassessor.org/index.aspx?page=76> and on Transfer Taxes at <http://sfassessor.org/index.aspx?page=77#TTAX>.

15. REPORT OF RESIDENTIAL BUILDING RECORD

Local law requires that owners of one or more dwelling units obtain and deliver to buyers a Report of Residential Building Record ("3R") prior to selling the property. The San Francisco Department of Building Inspection (DBI) will issue the 3R for any building containing residential units, upon request using the following form: <http://www.sfdbi.org/Modules/ShowDocument.aspx?documentid=232>.

The fee for the report is shown on the form. The time to produce the report can be several weeks.

Seller is advised to instruct their listing agent to order a 3R report on their behalf, as soon as the listing agreement (CAR Form RLA) is signed. Review and approval of the 3R by the Buyer is a condition of the purchase contract (CAR form SF-PA).

The body of the report purports to list the building permits taken out for the property, back to the New Construction one. However, if the original construction was prior to the April 1906 earthquake, that permit will not be shown, as the Building Department lost its records in the fire which followed. The 3R report does not include permits for Electrical or Plumbing work. Those DBI departments maintain their own permit history, by address.

The codes on the line items are explained on the second page of the report. Note however that all permits prior to 1950 will show as 'N' (New), rather than 'C' (Completed), as the City did not issue Job Cards or record the Final Completion of permitted work prior to that time. The report also shows the Original and Current Permitted Use of the building, as an "n-Family Dwelling". The Current Permitted Use shown on that report has more credence with the Planning Department than the Assessor's records for the property. If the Permitted Use is missing or "Unknown", Buyer should contact the Planning Department and inquire whether or not this can be corrected or otherwise addressed prior to removing Buyer's inspection contingencies.

The accuracy of 3R reports is less than 100%, as records have been lost, mis-filed, or not copied accurately over the years. If the existence or absence of a particular permit is important, then Buyer should retain a qualified permit researcher to investigate further. The 3R report is not a guarantee that the work performed under any of the listed permits was done in compliance with applicable laws. Therefore, Buyer should conduct his or her own investigation regarding such work.

16. EXISTING HOUSING STOCK

Many properties in this area have been built under different building codes. Regardless of the age of the Property, Buyers should have the Property inspected by a competent property inspector and to have any additional inspections that are recommended in any inspection report, or as may be necessary or desired by Buyers to determine the actual condition of the Property. The Property's components, appliances, fixtures, systems and materials may have varying degrees of remaining useful life and may be subject to failure without notice. In addition, not all components, improvements or fixtures of the Property may comply with current code, zoning, health and safety, setback requirements, religious or cultural preferences. Some homes contain appliances, products or manufactured materials, such as Chinese dry wall, which may be defective, create problems with the use or value of other aspects of the home and/or may be subject to manufacturer or governmental recall and/or a class action lawsuit. All homes include many components which require ongoing maintenance. Deferred maintenance will decrease the lifespan and/or functionality of many of these components. Buyers should seek reliable advice from appropriate professionals and to plan/budget for maintenance and future repairs.

17. PERMIT ISSUES

Some improvements to property such as repairs, remodels and additions may have been done without a required permit. One such example would be where an additional living unit ("in-law unit") is being rented by the Seller but the required permit/permits was/were not obtained for the in-law unit. An improvement that is made without the required permit can, among other things, have a negative impact on value, lending, appraisals, require a retrofit, impact habitability, preclude insurance coverage and/or

result in fees, penalties, government and/or civil enforcement actions.

Also, there are significant restrictions affecting an owner's right to construct or improve garages in San Francisco. Therefore, if it is Buyer's intention to build a garage or improve an existing garage, Buyer is strongly advised to consult a qualified architect, engineer and/or contractor before removing any inspection contingencies.

18. NONCONFORMING ROOMS, ALTERATIONS OR ADDITIONS

Buyers are advised that any rooms, alterations or additions to the property which were made or constructed without necessary permits or certificates of completion ("nonconforming improvements") may be subject to fines, permit costs, construction costs, and other expenses to bring into conformity. In some cases, nonconforming improvements may be subject to removal by local building inspection and code enforcement agencies. Nonconforming rental units may be required to be vacated and possibly removed. It might not be possible to legalize such nonconforming improvements because of zoning or permit issues and/or other legal or regulatory limitations. San Francisco Department of Building Inspection and code enforcement agencies may conduct random inspections of properties for permit, code and other violations while the property is being marketed. Such nonconforming improvements may also be discovered when anyone applies for a permit to do work on the property either before or after escrow closes. Whenever nonconforming uses are discovered, the then-current owner could face expensive repairs, permit fees and other costs and/or even removal of the nonconforming improvement.

While sellers are obligated to disclose any known nonconforming improvements, the Seller may not be aware of some or all illegal improvements or uses especially those that were made prior to the Seller's ownership of the property. In addition, real estate brokers and agents are not required by law to inspect public records and cannot determine the legal status of improvements based solely on their required visual inspection of the property. For these reasons, Buyers are strongly urged to investigate possible nonconforming improvements by personally contacting the local building inspection and code enforcement agencies as well as obtaining the advice of contractors, architects, engineers or other professionals regarding the status and condition of the property prior to removing inspection contingencies.

19. CODE COMPLIANCE AND ENFORCEMENT

If this is not a new property, not all aspects, components and structures on the property may comply with current code. This may be because code requirements have changed since the improvements were first constructed or, in some cases, improvements may have been made by the current owner, or even by prior owners without the knowledge of the current owner. Real estate brokers are not qualified to identify code violations. If the San Francisco Department of Building Inspection discovers the code violations, whether as part of a random inspection, an application to perform future work or in response to a complaint, the current owner may be required to bring the property into current code compliance or remove or demolish the portion of the property that is in violation. Prior to removal of the inspection contingency, Buyers should have the home inspected by a qualified home inspector who can comment on local codes, regulations and practices regarding enforcement.

20. APARTMENT LICENSE FEES

DBI recovers part of its costs by charging an Apartment License Fee to owners of 3-unit or larger apartment buildings and condominiums. This fee is added to the property tax bill annually. The fee varies according to the age of the building (pre- or post-1979) and the number of units and can be found at www.sfdbi.org.

21. RENT ORDINANCE FEE

The San Francisco Residential Rent Stabilization and Arbitration Board ("Rent Board") recovers part of its operating costs through a per-unit fee charged to landlords for each residential dwelling unit subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance ("Rent Ordinance"). This fee is also added to the property tax bill annually. 50% of the fee may be charged to the tenant living in the unit on November 1 of each year, either billed to them or deducted from their security deposit interest. (Additional information about the Rent Board fees can be found on the Rent Board's website at www.sfrb.org and on CAR form SF-SDC).

22. TENANT SECURITY DEPOSITS

Landlords may collect a "security deposit" from tenants, not to exceed two months rent for unfurnished units and three months rent for furnished units. All amounts held, whether described as key deposits, last month's rent, pet deposit, etc., are included in the definition of security deposit. The handling of security deposits is primarily governed by State Law. Upon departure of the tenant, the security deposit must be returned within 21 days. Any deductions (for damages or additional cleaning, for example) must be itemized and made pursuant to specific procedures that should carefully be followed to avoid potentially significant penalties for the wrongful withholding of a security deposit.

Additionally, in San Francisco, local law requires landlords to pay simple interest on all security deposits held for at least one year at a rate determined annually by the Rent Board and published on their website. (See www.sfrb.org and CAR form SF-SDC).

23. RESIDENTIAL RENT STABILIZATION AND ARBITRATION ORDINANCE

On June 13, 1979 a new Ordinance was signed into law, which introduced legal rent control in San Francisco. Buildings completed after that day were exempted (in order not to discourage new construction), owner-occupied buildings of four units or less were exempt, and the annual rent increase limit was to be set annually by the Board in the range of 4% to 7%. Those last two provisions were changed by the passing of a ballot measure in November 1992, so that generally *all* pre-1979 buildings are now included, whether owner-occupied or not, and annual rent increases became limited to 60% of the Bay Area Consumer Price Index. The allowable annual rental increases are published by the Rent Board on its website at www.sfrb.org.

In addition to limiting the amount of rent that can be charged, the Rent Ordinance also generally limits the right of a landlord to terminate a tenancy to circumstances where a "just cause" reason is present. There are 16 "just cause" reasons authorized by the Rent Ordinance, including grounds such as the non-payment of rent, the breach of a lease covenant, creating or permitting a nuisance, an owner-move-in, or the invocation of the Ellis Act. Terminating a tenancy of a rent-controlled tenant in San Francisco can be very difficult, and landlords can incur significant liability for wrongful endeavors to do so. Therefore, if the Property is occupied by tenants, Buyer is urged to consult with a qualified real estate attorney.

The Rent Ordinance also requires that a seller of a building containing two or more residential units, one or more of which will be delivered vacant at the close of escrow, disclose the legal ground for the termination of the tenancy in each vacant unit and whether the unit was occupied by an elderly or disabled tenant at the time the tenancy was terminated. (See CAR Form SF-VUD) As such terminations can impact the use of vacant rental units even after the sale; Buyer is again urged to consult a qualified real estate attorney for advice on such issues.

The Rent Control Ordinance is further refined by a set of Rules and Regulations established and updated regularly by the Rent Board. The Rules and Regulations can be found on the Rent Board website at www.sfrb.org. However, since this is a complex area and the penalties for not following the established rules can include triple damage payments, Buyers and Sellers are advised to consult a qualified landlord/tenant attorney when negotiating the sale or purchase of rental property.

The above-described limitations do not constitute an exhaustive list of all the restrictions imposed by the Rent Ordinance or its Rules and Regulations. Real estate brokers are not qualified to explain all of the ramifications of the applicable State and local law. Therefore, Buyers are strongly advised to seek the advice of a qualified real estate attorney.

24. OWNER MOVE-IN EVICTIONS

The Rent Ordinance authorizes an owner to move into an occupied rental unit in the Property, and thereby terminate the tenancy of any occupants in possession. However, the Ordinance restricts the right of an owner to do so in a number of material respects.

First, the owner move in eviction ("OMI") typically requires that an owner intend to occupy the unit as his or her principal place of residence for at least three years. Second, the Rent Ordinance generally only allows an OMI eviction from one unit in the Property. If the Seller or a prior owner has done an OMI eviction, Buyer generally may not do an OMI eviction from any unit in the Property except the one specific unit that was the subject of the prior OMI eviction. Third, the Rent Ordinance generally prohibits an owner from doing an OMI eviction if any tenant in the unit: (1) is 60 years of age or older and has lived in the unit for at least ten (10) years; (2) is disabled and has lived in the unit for at least ten (10) years; or (3) is catastrophically ill and has lived in the unit for five (5) years or more. This type of tenant is commonly referred to as a "Protected Tenant". The Rent Ordinance provides further definition on what does and does not qualify an occupant as a protected tenant for purposes of an OMI.

There are other limitations on an OMI eviction, and the above is not intended to be an exhaustive list.

In addition to authorizing OMI evictions, the Rent Ordinance also allows Relative Move-In ("RMI") evictions in certain circumstances. The RMI eviction too, is subject to a number of significant restrictions. For example, an RMI can generally only be done for certain relatives (the landlord's grandparents, grandchildren, parents, children, brother or sister, or the landlord's spouse or the spouses of such relations) who intend to occupy the unit as their primary residence for at least 36 consecutive months. Further, an RMI can generally only be done if the owner either lives in the Property or is simultaneously pursuing an OMI eviction to evict a tenant from another unit.

There are also additional limitations on an owner's right to pursue an RMI eviction, and the above is not intended to be an exhaustive list.

When proceeding with either an OMI or RMI eviction, the owner is required to pay relocation payments to the displaced tenants (see paragraph 25 below).

Given the complexities involved with both an OMI and an RMI eviction, it is strongly recommended that Buyer request from Seller a copy of the "Request for Protected Tenant Status Information and Tenant Declaration Regarding Protected Status" (CAR-

SF-PTSI), which form should be completed by any tenants then in possession of the property before removal of Buyer's contingencies. It is likewise recommended that Buyer review the completed forms carefully, and obtain the advice of qualified legal counsel with respect to the OMI/RMI restrictions and how they may apply given the content of the completed CAR-SF-PTSI form. Buyer is advised to obtain such advice before removing the inspection contingencies.

25. TENANT RELOCATION PAYMENTS

Under the Rent Ordinance, Landlords are required to pay relocation payments to tenants who are evicted for: owner/relative move-in under Section 37.9(a) (8); demolition or permanent removal from housing use under Section 37.9(a) (10); or substantial rehabilitation under Section 37.9(a) (12). Landlords had also historically been obligated to also pay those amounts to tenants temporarily evicted for capital improvement work under Section 37.9(a)(11), however, as of the date of publication of this Advisory, a new State law has recently been passed superseding that provision in certain situations. Buyer is advised to consult a real estate attorney about that issue.

Also as of the date of publication of this Advisory, the amount of the relocation payment owed to each authorized occupant, regardless of age, who has resided in the unit for at least one year, is \$5,153 with the maximum amount due per unit of \$15,460; however additional amounts are due for each elderly or disabled tenant, or households with minor children. The amounts are adjusted each year by the Rent Board, and current relocation payment amounts can be found on the Rent Board's website at www.sfrb.org.

Broker is not qualified to give any legal advice regarding evictions or relocation payments and Buyer is advised to seek the advice of a real estate attorney.

26. ELLIS ACT

As an alternative to continuing to rent units in the Property, Buyer can choose to terminate the tenancies of all occupied rental units by invoking the provisions of California Government Code Sections 7060 - 7060.7 (the "Ellis Act"). Section 37.9(a) (13) of the Rent Ordinance provides that the Ellis Act is a just cause for eviction. However, as with an OMI/RMI, there are a considerable number of limitations on the Ellis Act process and invoking the Ellis Act also can have significant implications for the use of the Property in the future.

Generally, those limitations prevent the immediate re-rental of units that were occupied at the time the Ellis Act was invoked, and provide certain rights for tenants who are evicted pursuant to the Ellis Act to return to the Property. The amount of time that those restrictions apply, as well as how much rent can be charged upon a re-rental and whether prior occupants have a right to return, are each complex issues about which Buyer is advised to obtain the advice of a real estate attorney.

The limitations imposed by the Rent Ordinance for Ellis Act evictions also include the obligation to pay relocation expenses. The obligation to pay those expenses mirror, but do not exactly overlap, those discussed above in Section 25. If Buyer is contemplating the use of the Ellis Act as a means of recovering possession of units at the Property, the Buyer is advised to seek the advice of an attorney on the relocation payment obligation and how it is distinct from those discussed in Section 25.

Furthermore, as restrictions imposed by the Ellis Act continue to affect a property even after sale, Buyer is advised to obtain any and all records that may be available from Seller and from the Rent Board about any prior Ellis Act evictions at the Property.

Failure to comply with the re-rental restrictions of the Ellis Act and Rent Ordinance can subject the owner to significant liability, either in the form of a claim by a departed tenant or by the City and County of San Francisco, **Buyer is therefore urged to consult legal counsel to fully appreciate and understand the effect of the Ellis Act on the Property.**

27. SELLER OCCUPANCY AFTER CLOSE OF ESCROW

Under the Rent Ordinance, a seller of real property who continues to occupy the property after the close of escrow may acquire tenant's protection rights, which may make it difficult for Buyer to recover possession of the newly purchased property in the event that a dispute arises thereafter. If Buyer wishes to allow the Seller to occupy the property after the close of escrow, Buyer is urged to consult with a qualified real estate attorney to discuss the risks and benefits of such an arrangement.

28. CONDOMINIUM CONVERSION ORDINANCE

Since 1982, local laws in San Francisco severely limit the conversion of apartment buildings to condominiums. In summary, no buildings containing 7 or more residential units can now be converted, and a lottery system is in place which allows no more than 200 units to be created annually from 2-6 unit apartment buildings (the "Lottery"). The Lottery drawing is usually held at 9am on the first Wednesday in February.

The only exceptions to the Lottery system are 2-unit buildings with both units owner-occupied. Such buildings may bypass the Lottery and begin the conversion process after both units have been simultaneously owner occupied for at least one year.

Refinements to the conversion ordinance and City's policies over the years have given some priority to buildings which have entered the lottery, but failed to be drawn. After sufficient consecutive failures, with proof submitted each year that the building was eligible to be entered, the lottery tickets for those buildings are first entered into a "Pool A" from which 100 units are drawn. If eligible buildings still fail to be drawn, their tickets are added to the drum for the "Pool B" drawing of the remaining 100 units. After 200 units, drawing continues to create a reserve list used if any of the buildings drawn fails to submit an application for condominium conversion by the deadline. Additional information regarding deadlines and application can be found on the Department of Public Works' website at <http://38.106.4.205/index.aspx?page=1242> . The procedures and fee for those drawn for conversion are available at: <http://www.sfdbi.org/Modules/ShowDocument.aspx?documentid=142> .

In addition, certain buildings are ineligible for condominium conversion based on past tenant "No-Fault Evictions." ("No Fault Evictions" include OMI, RMI, Ellis Act, permanent removal of rental units and capital improvement evictions.) Buyer is advised to investigate past No-Fault Evictions if the Property is being purchased with the intention to convert the units to condominiums. As the conversion restrictions apply regardless of whether the evictions were done by the Seller or a prior owner, if Buyer intends to convert the Property to condominiums, Buyer is also urged to consult a qualified real estate attorney before removing the inspection contingency.

29. TENANCIES IN COMMON

Tenancy in Common (or "TIC") is a form of ownership by which all of the owners of the property (the "co-tenants" or "tenants-in-common") own undivided interests in the entire property, in percentages set forth in their respective deeds. By agreement, the owners may assign to one another specific occupancy and other rights. Usually, all of the owners are fully liable for the mortgage, unless each owner has secured an individual loan for his/her TIC interest, and the mortgage generally cannot be modified without the consent of the lender and all of the owners. These are extremely complex relationships requiring, among other matters, a carefully written TIC agreement setting forth the rights and responsibilities of all of the owners, including rights of exclusive occupancy of specific units, parking or storage spaces, financial obligations, restrictions on use, use of common areas, restrictions on subsequent sales and dispute resolution mechanisms. Real estate agents and brokers are not qualified to review and analyze TIC agreements. Prior to purchasing a TIC property, Buyer is strongly urged to seek the advice of competent legal counsel to review any existing TIC agreement, and otherwise to advise Buyer regarding the nature of this form of real estate ownership generally, and regarding this particular TIC arrangement. See CAR Form SF-TICD

30. RESIDENTIAL ENERGY CONSERVATION ORDINANCE

The San Francisco Residential Energy Conservation Ordinance requires that prior to the transfer of title of any residential building the seller or their broker must: (a) obtain a valid energy inspection by a qualified energy inspector; (b) install all required conservation measures as itemized in a form specified by the Department of Building Inspection ("DBI"); (c) furnish to the buyer a copy of the completed inspection form, showing compliance with required energy conservation measures; and (d) record a certificate of completion with the county recorder's office no later than the transfer of title.

However, this inspection is not required for a residential property where a proof of compliance with the Energy Conservation Ordinance has been recorded with the DBI and the county recorder's office. No seller is required to spend more than one percent of the purchase price or one percent of the assessed value of the building, whichever is greater, to comply with the ordinance. Further, in the case of one- or two-unit buildings, the cost of compliance shall not be greater than \$1,300.

The responsibility for compliance with the ordinance may be transferred by seller to buyer provided that before transfer of title (a) a valid energy inspection has been performed; (b) a written agreement is signed by seller and buyer wherein buyer agrees that the energy conservation measures will be installed within 180 days after transfer; and (d) seller agrees that funds equal to one percent of the purchase price will be deposited in escrow.

Further information on this ordinance can be obtained from the DBI at 415-558-6088.

31. WATER CONSERVATION ORDINANCE

Water conservation inspections are required prior to each sale of most residential buildings, regardless of prior energy and water compliance certification. Unless an exemption applies, the following water conservation measures are required to be complied with:

- Low-Flow Showerheads: Any showerhead with a maximum flow of more than 2.5 gallons per minute must be replaced. All showers may have no more than one showerhead per valve.

- **Faucet and Faucet Aerators:** An aerator with a flow rate of 2.2 gallons per minute or less must be installed on all sink faucets.
- **Efficient Toilets:** All toilets with a maximum rated water consumption of more than 1.6 gallons per flush must be replaced.
- **Leak Repair:** All plumbing leaks must be located and repaired.

Contact the Water Department at 415-551-3000 for detailed information regarding compliance and exempt properties and transfers.

32. BOILER ORDINANCE

Some homes in San Francisco contain boilers, which generate steam for heat or for domestic hot water production. Homeowners who have boilers on their property must maintain their boiler in safe operating condition and also maintain a current "Permit to Operate Boiler." The permit must be renewed annually and displayed near the boiler. For more information, visit:

www.sfdbi.org/ftp/uploadedfiles/dbi/Key_Information/BoilerInspectionProgram.pdf

33. UNDERGROUND STORAGE TANKS (USTs)

Tanks buried in front of residential property were used for the storage of oil for steam heat systems, beginning in the late 1800's. They can be identified by a number of indicators - a filler cap in the sidewalk; a breather spout attached to an exterior building wall (which allowed air to be displaced from the tank as it was refilled); a fire-brick enclosed boiler room in the basement; and, sometimes still in place, an electrical box on a wall in the boiler room labeled "Oil Burner". The tanks were abandoned over time as the fuel source was replaced with piped natural gas. Article 21 of the San Francisco Health Code requires owners to "close" any remaining disused tanks, by either removing them, or filling them with concrete and taking out a license, to be renewed annually, to continue to own it in place. Removal is the preferred approach, but can become expensive if the tank has deteriorated and oil has leaked into the soil below, thereby causing contamination and requiring remediation. A professional inspection is recommended. CAR Form SF-USTD gives more detail and the purchase contract, CAR Form SF-PA, can be used to determine who pays for the inspection if a Buyer suspects that a UST may still be in place and has not been given any evidence to the contrary. Owners of real property in San Francisco are advised to retain prior UST inspection reports and certainly, if one has been removed, to maintain for future owners the closure documentation.

34. UNREINFORCED MASONRY AND SOFT-STORY BUILDINGS

In 1992, a San Francisco Ordinance required that Unreinforced Masonry Buildings (UMBs), identified as such by DBI, be retrofitted to a minimum "bolts-plus" standard. By now most of the brick buildings identified on DBI's "UMB list" have been so retrofitted. Concerns have also been voiced for some years about wood-frame apartment buildings, typically of 3 stories or more, usually on corners, which have a number of openings at the ground level for garage access, thereby creating a "soft-story". Buyers and Sellers of such buildings can anticipate an ordinance requiring a retrofit of such buildings in the near future. Further information may be found at www.sfdbi.org.

35. TREES AND VEGETATION

According to the Department of Public Works, there are about 100,000 street trees in the city of San Francisco. The majority of these are cared for and maintained by the fronting property owner, but there are about 24,000 trees in the care of DPW. Because DPW does not have the resources to properly care for these trees, however, the responsibility for these trees is being transferred over the next seven years to the fronting property owners, who will be responsible for pruning and regular care. Consult this website for more information about San Francisco's urban forestry: www.sfdpw.org

It is also important to note that a property owner must obtain a permit to either plant or remove a tree. Often the permit for planting a tree can be obtained at no cost. Removing a tree without a permit subjects the property owner to fines.

C. RECOMMENDATION TO RETAIN AN ATTORNEY AND ACCOUNTANT:

In addition to the professional service providers you will retain to inspect and analyze the property you are purchasing or selling, a situation may arise during the course of your purchase transaction that requires you to either make an important decision, or select a plan of action that could result in significant legal consequences and substantial impact on your personal finances. The most prudent and best plan is for you to identify a certified public accountant and real estate attorney in advance of the sale or purchase of your property so that you can quickly contact and seek the proper financial and/or legal advice and guidance if needed during the transaction. If you are considering a 1031 Exchange, also contact an exchange accommodator to discuss the proper method and timing of the exchange.

D. THE PARTIES ACKNOWLEDGE THE FOLLOWING REGARDING BROKER:

- Broker does not warrant or guarantee the condition of the Property.
- Broker shall not be responsible for failure to disclose to Buyer facts regarding the condition of the property where the condition (i) is unknown to Broker or (ii) is not capable of being seen by Broker because it is in an area of the property that is reasonably and normally inaccessible to a Broker;
- Broker has not verified square footage or size of structures or land, boundary lines of the property, representations made by others (including but not limited to the Seller), information contained in inspection reports or in the Multiple Listing Service or that has been copied therefrom, or in advertisements, flyers or other promotional material, or any other matters described in this Disclosures and Disclaimers Advisory, unless otherwise agreed in writing;
- Broker does not guarantee and shall not be responsible for the labor or services or products provided by others to or on behalf of Buyer or Seller and does not guarantee and shall not be responsible for the quality, adequacy, completeness or code compliance of repairs made by Seller or by others;
- Broker does not decide what price Buyer should pay or Seller should accept; and
- Broker is not qualified to give legal, tax, insurance or title advice.

- Brokers lack professional expertise in all of the above, and do not verify the results of any inspections or guarantee the performance or reports of any inspection or professional service.
- Buyers and Sellers are free, and advised, to investigate and choose their own service providers to conduct investigations and advise them on these and all matters related to the sale and purchase of real property.

In these and all other matters referred to in this Disclosures and Disclaimers Advisory, Buyer and Seller are advised to seek any desired assistance from appropriate qualified professionals. Nothing any broker or sales agent may say will change the terms or effect of this Advisory.

THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF ALL _____ (_____) PAGES OF THE DOCUMENT.

Buyer

Dated: _____

Buyer

Dated: _____

Seller *Rebecca Chang*

Dated: 4/27/13

Seller

Dated: _____

Visit Us on our Website: www.fntrc.com



Fidelity National Title Company

ISSUING OFFICE: 2150 John Glenn Drive, Suite #400 • Concord, CA 94520

FOR SETTLEMENT INQUIRIES, CONTACT: Fidelity National Title Company - San Francisco 55 Francisco
55 Francisco Street, Suite 210 • San Francisco, CA 94133
415 392-1061 • FAX 415 438-7876

PRELIMINARY REPORT

Title Officer: Kevin Davis
Escrow Officer: Nga Losacco
Escrow No.: 13-**101824**-NL

Title No.: 13-**101824**-KD
Locate No.: CAFNT0938-0938-0019-0000101824

TO: Alain Pinel Realtors
1440 Chapin Avenue, Ste 200
Burlingame, CA 94010

ATTN: Sheldon Rilliet

PROPERTY ADDRESS: 1015 Carolina Street, San Francisco, California

EFFECTIVE DATE: April 5, 2013, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee
2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Roxanne Chang, a single person as to an undivided 9% interest and Rebecca Chang, a married woman as her sole and separate property as to an undivided 91% interest
3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

CMM\CMM 06/08/2013

Received
Pages _____ Thru _____
Signed *[Signature]*
6/27/13

Received
Pages _____ Thru _____
Signed _____

5604AF72-DA39-49C2-AF5E

Roxanne Chang
7/28/2013 9:52:53 PM

07/28/2013

1 of 21

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Easterly line of Carolina Street, distant thereon 475 feet Southerly from the Southerly line of 22nd Street; running thence Southerly, along said Easterly line of Carolina Street, 25 feet; thence at a right angle Easterly 100 feet; thence at a right angle Northerly 25 feet; thence at a right angle Westerly 100 feet to the Easterly line of Carolina Street and the point of beginning.

BEING a portion of Potrero Nuevo Block No. 193

APN: Lot 042 Block 4161

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2013-2014.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **The herein described property** lies within the boundaries of a Mello-Roos Community Facilities District ("CFD"), as follows:

CFD No: 90-1
 For: School Facility Repair and Maintenance
 Disclosed by: Notice of Special Tax Lien recorded July 5, 1990 in Book F160, Page 1044 and by Supplemental Notice of Special Tax Lien recorded July 11, 1990, in Book F165, Page 1 et. seq., Official Records of the City and County of San Francisco

This property, along with all other parcels in the CFD, is liable for an annual special tax. This special tax is included with and payable with the general property taxes of the City and County of San Francisco. The tax may not be prepaid.

Further information may be obtained by contacting:

San Francisco Unified School District
 Office of the Superintendent for Business
 135 Van Ness Ave.
 San Francisco, CA 94102
 Phone (415) 241-6024

4. **An encroachment** of the improvements situated on said land into or onto the adjoining real property on the Southerly line, as disclosed by Record of Survey recorded October 17, 2008, in Book CC of Survey Maps at page 87, of Official Records.
5. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$519,000.00
 Dated: January 3, 2011
 Trustor: Roxanne Chang, a single person as to an undivided 9% interest and Rebecca Chang, a married woman as her sole and separate property as to an undivided 91% interest
 Trustee: Fidelity National Title Ins Co
 Beneficiary: Wells Fargo Bank, N.A., National Association
 Loan No.: none shown
 Recorded: February 15, 2011, Instrument No. 2011-1135371-00, of Official Records

END OF ITEMS

- Note 1.** The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs for the herein described property.
- Note 2.** The name(s) of the buyer(s) furnished with this application for Title Insurance is/are:
To Follow
If these names are incorrect, incomplete or misspelled, please notify the Company.
- Note 3.** The Company is not aware of any matters which would cause it to decline to attach the CLTA Endorsement Form 116 indicating that there is located on said land a Single Family Residence known as 1015 Carolina Street, San Francisco, CA to an Extended Coverage Loan Policy.
- Note 4.** There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.
- Note 5.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:
Tax Identification No.: Lot 042 Block 4161
Fiscal Year: 2012 - 2013
1st Installment: \$4,547.34
2nd Installment: \$4,547.34
Exemption: \$0.00
Land: \$529,746.00
Improvements: \$227,032.00
Personal Property: \$0.00
Bill No.: 141256
- Note 6.** Effective December 17, 2010, as mandated through local ordinance, the transfer tax rates are as follows:

More than \$100 but Less than or Equal to \$250,000 at \$2.50 for each \$500 (\$5.00 per thousand)
More than \$250,000 but Less than \$1,000,000 at \$3.40 for each \$500 (\$6.80 per thousand)
\$1,000,000 or More but Less than \$5,000,000 at \$3.75 for each \$500 (\$7.50 per thousand)
\$5,000,000 or More but Less than \$10,000,000 at \$10.00 for each \$500 (\$20.00 per thousand)
\$10,000,000.00 or More at \$12.50 for each \$500 or portion thereof (\$25.00 per thousand)

NOTE: These rates are for documents recorded on or after December 17, 2010, regardless of when the instrument was executed.
- Note 7.** There is no recorded Certificate of Energy and/or Water Compliance for the property described herein.

NOTES: (continued)

Title No. 13-**101824**-KD
Locate No. CAFNT0938-0938-0019-0000101824

Note 8. The application for title insurance was placed by reference to only a street address or tax identification number.

Based on our records, we believe that the description in this report covers the parcel requested, however, if the legal description is incorrect a new report must be prepared.

If the legal description is incorrect, in order to prevent delays, the seller/buyer/borrower must provide the Company and/or the settlement agent with the correct legal description intended to be the subject of this transaction.

Note 9. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

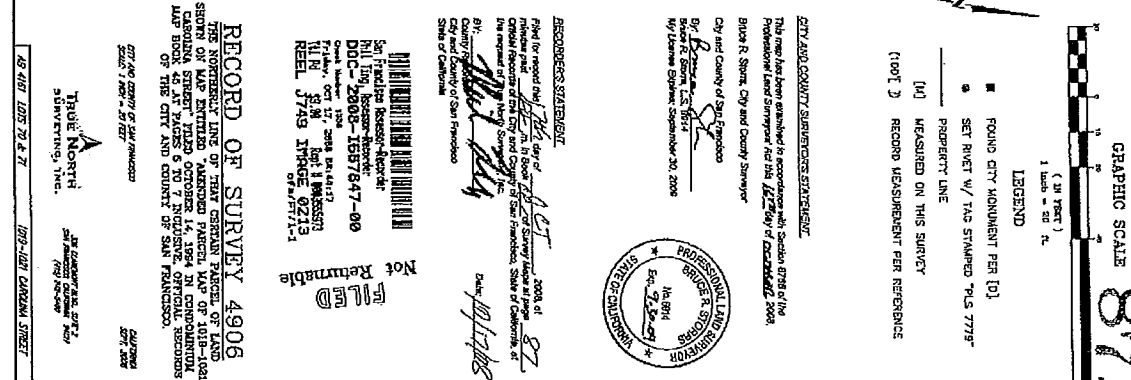
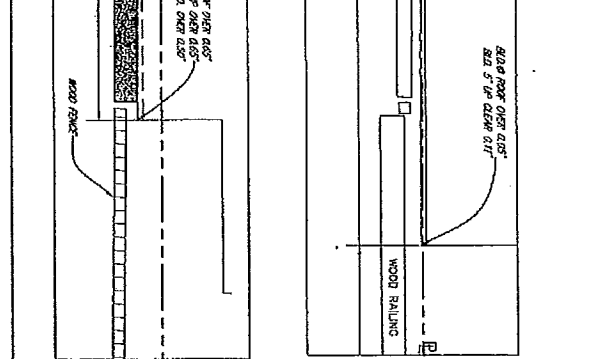
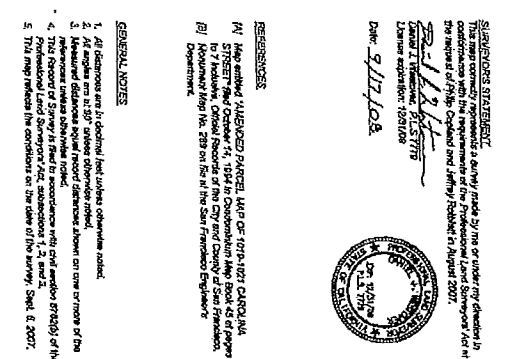
Note 10. Wiring instructions for Fidelity National Title Company, San Francisco, CA, are as follows:

Receiving Bank:	Wells Fargo 707 Wilshire Blvd., 13th Floor Los Angeles, CA 90017
ABA Routing No.:	121000248
Credit Account Name:	Fidelity National Title Company - San Francisco 55 Francisco 55 Francisco Street, Suite 210, San Francisco, CA 94133
Credit Account No.:	4375682432
Escrow No.:	13- 101824 -NL

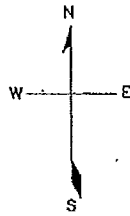
These wiring instructions are for this specific transaction involving the Title Department of the Concord office of Fidelity National Title Company. These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

Note 11. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirements cannot be met, please call the company at the number provided in this report.

END OF NOTES



22 ND



lot8 into lots84&85 for 2003 roll

LOTS MERGED

lot 52 into lot 51 1992
lot 43 into lots 82 & 83 for 1998 roll

973 CAROLINA ST.

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
65	1	50
66	2	50

989-991 CAROLINA ST.

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
61	1	38.754
62	2	61.246

993-995 CAROLINA ST.

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
59	1	38.754
60	2	61.246

997-999 CAROLINA ST.

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
57	1	38.754
58	2	61.246

BLUE ROCK CONDOMINIUM

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
63	1	39.696
64	2	60.304

1071-73 CAROLINA ST.

A CONDOMINIUM

LOT NO.	UNIT NO.	% COMMON AREA
72	1071	38.443
73	1073	61.557

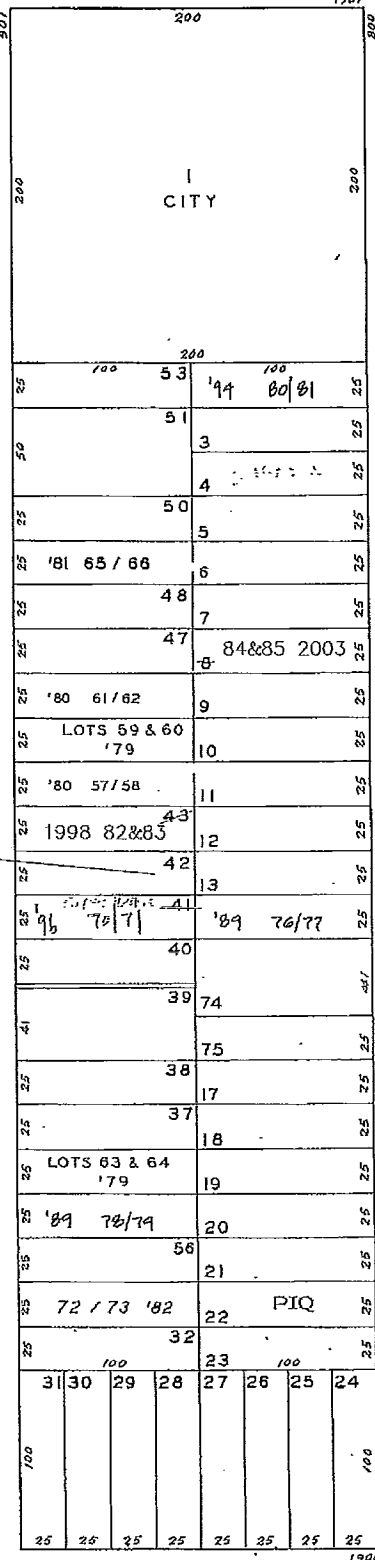
876-878 Wisconsin St.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
84	A	75
85	B	25

CAROLINA

PIQ



4161

NEW POTRERO
BKS. 193 & 194
REVISED '80
" '79
" '80
" '81
" '82
" '84
" '84
" '84
Revised 1998
Revised 2003

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CITY & COUNTY ASSESSOR 1995

1007-1009 CAROLINA ST.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
82	1007	50
83	1009	50

1019-1021 CAROLINA ST.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
70	1021	50.956
71	1019	49.044

912-912A WISCONSIN ST.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
76	912	50.97
77	912A	49.03

1063 CAROLINA ST.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
78	1	34
79	2	66

THE WATER TOWER

890-890 WISCONSIN ST.

A CONDOMINIUM

LOT	UNIT	% COMMON AREA
80	890	59.58
81	890	40.42

23 RD

THIS PLAT IS FOR YOUR AID IN LOCATING YOUR LAND WITH REFERENCE TO STREET AND OTHER PARCELS. WHILE THIS PLAT IS BELIEVED TO BE CORRECT, THE COMPANY ASSUMES NO LIABILITY FOR ANY LOSS OCCURRING BY REASON OF RELIANCE THEREON.



ATTACHMENT ONE

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date
 - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in Item 3 of Schedule A
- or

- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

ATTACHMENT ONE (CONTINUED)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:

- (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
- (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
- (c) resulting in no loss or damage to the insured claimant;
- (d) attaching or created subsequent to Date of Policy; or
- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

SCHEDULE B, PART I EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ATTACHMENT ONE (CONTINUED)

FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
(a) created, suffered, assumed or agreed to by the insured claimant;
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or

material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ATTACHMENT ONE (CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or

- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records;
- (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE (CONTINUED)

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy, or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ATTACHMENT ONE (CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed, or agreed to by the Insured Claimant;

- (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
- (c) resulting in no loss or damage to the Insured Claimant;
- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE (CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. Land use
 - d. improvements on Land
 - e. Land division
 - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes.
This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. notice of exercising the right appears in the Public Records at the Policy Date; or
- b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	<u>1.00%</u> of Policy Amount or <u>\$ 2,500.00</u> (whichever is less)	<u>\$ 10,000.00</u>
Covered Risk 15:	<u>1.00%</u> of Policy Amount or <u>\$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 16:	<u>1.00%</u> of Policy Amount or <u>\$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 18:	<u>1.00%</u> of Policy Amount or <u>\$ 2,500.00</u> (whichever is less)	<u>\$ 5,000.00</u>

ATTACHMENT ONE (CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	<u>1.00%</u> of Policy Amount Shown in Schedule A or <u>\$ 2,500.00</u> (whichever is less)	<u>\$ 10,000.00</u>
Covered Risk 18:	<u>1.00%</u> of Policy Amount Shown in Schedule A or <u>\$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 19:	<u>1.00%</u> of Policy Amount Shown in Schedule A or <u>\$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 21:	<u>1.00%</u> of Policy Amount Shown in Schedule A or <u>\$ 2,500.00</u> (whichever is less)	<u>\$ 5,000.00</u>

ATTACHMENT ONE (CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
- (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(c) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

ATTACHMENT ONE (CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07/26/10) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

Notice

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must - prior to the close of the current transaction - inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

Effective through November 1, 2014

(privacy)(05-08)

Page 1 of 2

Effective Date: 5/1/2008

Fidelity National Financial, Inc.
Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

(privacy)

Page 2 of 2

Effective Date: 5/1/2008

Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access To Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Companies

FNTC – Fidelity National Title Company

FNTCCA – Fidelity National Title Company of California

FNF Underwriter

FNTIC – Fidelity National Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

FEE REDUCTION SETTLEMENT PROGRAM (FNTC, FNTCCA and FNTIC)

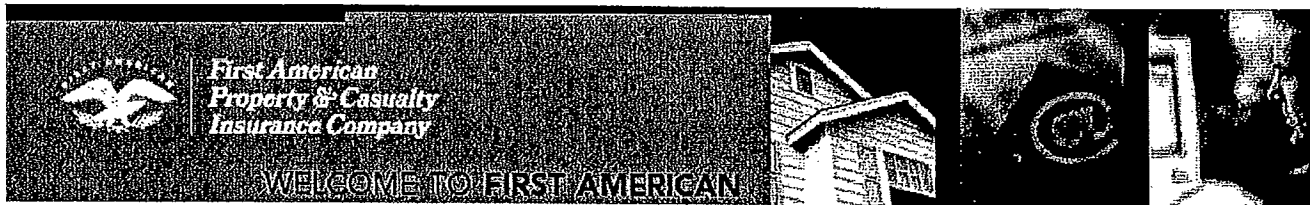
Eligible customers shall receive a \$20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al.*, Sacramento Superior Court Case No. 99AS02793, and related cases.

DISASTER LOANS (FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% or 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 32% or 50% of the appropriate title insurance rate, depending on the type of coverage selected.



To the buyer of
1015 CAROLINA ST
SAN FRANCISCO, CA 94107

**Your Estimated Annual Premium
for Homeowner's Insurance is:**

\$937.00

Based on a replacement cost of \$172,000.00 for the structure.
(This quote is not based on the purchase price)

Congratulations on the purchase of your property! **First American Property & Casualty Insurance Company** is here to assist you with homeowner's insurance which you need to successfully complete your transaction.

To secure your quote for homeowner's insurance, simply call **First American Property & Casualty Insurance Company** today at 888.546.5118 and reference number 1106015

First American Property & Casualty Insurance Company provides you with the following:

- Competitive rates – the premium quoted on your homeowner's insurance includes a 10% multi-product discount since you have chosen the disclosure report – another First American product.
- First American offers a variety of additional discounts you may qualify for, so please give us a call today to see if you qualify.
- Outstanding coverage and service.
- An "A" rating by A.M. Best, the most well-known insurance rating institution.
- No application or credit check for qualification.
- Evidence of insurance in a matter of minutes.
- Flood Insurance if needed.

SFCAA90F-2968-4CFA-A60D

Roxanne Chang
7/28/2013 9:52:56 PM

**READ AND
APPROVED**

07/28/2013

All of this giving you the ability to focus on other aspects of the transaction while we prepare your homeowner's insurance for a smooth closing.

DISCLOSURE NOTICE: This is to give you notice that First American Natural Hazard Disclosures has a business relationship with First American Property & Casualty Insurance Company. Both First American Natural Hazard Disclosures and First American Property & Casualty Insurance Company are owned by The First American Corporation. Because of this relationship, this referral may provide First American Natural Hazard Disclosures or its parent, The First American Corporation a financial or other benefit.

***First American Property & Casualty Insurance Company
makes homeowner's insurance easy and convenient for you.***

Phone 888.546.5118 • Fax 866.863.4723 • Email: faonequote@firstam.com

(For information on Natural Hazard Disclosure Report (800) 527 0027)



JCP-LGS Residential Property Disclosure Reports

For SAN FRANCISCO COUNTY

Property Address: 1015 CAROLINA ST,
SAN FRANCISCO, SAN FRANCISCO COUNTY, CA
("Property")

APN: 4161-042
Report Date: 06/12/2013
Report Number: 1349149

AERIAL PHOTO COVER PAGE



This map is provided for convenience only to show the approximate location of the Property and is not based on a field survey.

NOTE TO READER: High-resolution aerial photographs are obtained through periodic surveys by low-altitude aircraft. Surveys are repeated at intervals of several years, and their coverage is limited to populated areas. On rare occasions, the air photo on this page will display a black area, or vacant land where buildings now exist. In these cases, the photo happens to be at the edge of the survey coverage area, or it shows land that has been developed since the time of the latest aerial survey. We apologize for these rare instances, which are beyond our control.

READ AND
APPROVED

[Signature] 6/27/13

JCP-LGS Property Disclosure Reports | MAP COVER PAGE

Natural Hazard Disclosure Report



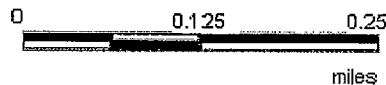
Property Address: 1015 CAROLINA ST,
SAN FRANCISCO, SAN FRANCISCO County, CA

APN: 4161-042
Report Date: 06/12/2013
Report Number: 1349149



□ Subject Property

	Special Flood Hazard Area
	Area of Potential Flooding, Dam Failure
	Very High Fire Hazard Severity Zone
	Wildland Area, Substantial Forest Fire Risk
	Earthquake Fault Zone
	Seismic Hazard Zone, Landslide
	Seismic Hazard Zone, Liquefaction



This map is provided for convenience only to show the approximate location of the Property and is not based on a field survey.

This INDUSTRY STANDARD REPORT contains the Natural Hazard Disclosure Report, the Tax Report and the Enviro Report. (800)748-5233

THIS REPORT PROVIDES THE STATUTORY DISCLOSURES MANDATED BY CALIFORNIA CIVIL CODE SECTION 1103.2 AND DELIVERY OF THIS REPORT AND THE EXECUTED STATUTORY FORM IS SUFFICIENT TO MEET THE SAFE HARBOR FOR THE SELLER AND SELLER'S AGENT. THIS REPORT ALSO CONTAINS OTHER IMPORTANT DISCLOSURES AND INFORMATION. SELLER AND SELLER'S AGENT MAY HAVE ADDITIONAL RESPONSIBILITIES FOR CERTAIN DISCLOSURES WITHIN THEIR ACTUAL KNOWLEDGE.



Statutory Natural Hazard Disclosure Statement and Acknowledgment of Receipt

Address: 1015 CAROLINA ST, SAN FRANCISCO, SAN FRANCISCO COUNTY, CA 94107 ("Property"), APN: 4161-042

The transferor and his or her agent(s) or a third-party consultant disclose the following information with the knowledge that even though this is not a warranty, prospective transferees may rely on this information in deciding whether and on what terms to purchase the Property. Transferor hereby authorizes any agent(s) representing any principal(s) in this action to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the Property.

The following are representations made by the transferor and his or her agent(s) based on their knowledge and maps drawn by the State. This information is a disclosure and is not intended to be part of any contract between the transferee and the transferor. THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S):

A SPECIAL FLOOD HAZARD AREA (Any type Zone "A" or "V" designated by the Federal Emergency Management Agency.

Yes _____ No X Do not know and information not available from local jurisdiction _____

AN AREA OF POTENTIAL FLOODING shown on a dam failure inundation map pursuant to Section 8589.5 of the Government Code.

Yes _____ No X Do not know and information not available from local jurisdiction _____

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this Property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes _____ No X

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISK AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this Property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code.

Yes _____ No X

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code.

Yes _____ No X

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.

Yes (Landslide Zone) X Yes (Liquefaction Zone) _____

No _____ Map not yet released by state _____

THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. TRANSFEREE(S) AND TRANSFEROR(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY.

Signature of Seller _____	Date <u>4/27/13</u>	Signature of Seller <u>Roxanne Chang</u>	Date <u>07/28/2013</u>
Signature of Agent _____	Date <u>6/12/13</u>	Signature of Agent _____	Date _____

Check only one of the following:

☐ Transferor(s) and their agent(s) represent that the information herein is true and correct to the best of their knowledge as of the date signed by the transferor(s) and agent(s).

☒ Transferor(s) and their agent(s) acknowledge that they have exercised good faith in the selection of a third-party report provider as required in Civil Code Section 1103.7, and that the representations made in this Natural Hazard Disclosure Statement are based upon information provided by the independent third-party disclosure provider as a substituted disclosure pursuant to Civil Code Section 1103.4. Neither transferor(s) nor their agent(s) (1) has independently verified the information contained in this statement and Report or (2) is personally aware of any errors or inaccuracies in the information contained on the statement. This statement was prepared by the provider below:

Third-Party Disclosure Provider(s) Greg Rufe Date 06/12/2013 Rept. No. 1349149
Greg Rufe, Chief Operating Officer
JCP-LGS Disclosure Reports

Transferee represents that he or she has read and understands this document. I (We) also have read and understand the additional disclosures and notices herein:

- A. Additional State-required Disclosures – Refer to Report: (1) COMMERCIAL/INDUSTRIAL USE ZONE, (2) FORMER MILITARY ORDNANCE SITE, (3) AIRPORT INFLUENCE AREA, (4) RIGHT TO FARM NOTICE, (5) NOTICE OF MINING OPERATIONS, (6) SEX OFFENDER DATABASE (Megan's Law), (7) GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINE DATABASE, (8) SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT DISTRICT JURISDICTION, (9) CALIFORNIA ENERGY COMMISSION ZONE REQUIREMENTS.
- B. Additional City and County General Plan Hazard Disclosures as applicable – Refer to Report: Airports, Avalanche, Blow Sand, Coastal Zone, Dam/Levee Failure Inundation, Debris Flow, Erosion, Flood, Fault Zone, Fire, Groundwater, Landslide, Liquefaction, Methane Gas, Mines, Naturally Occurring Asbestos, Redevelopment Area, Right to Farm, Runoff Area, Sea Level, Seiche, Seismic Shaking, Seismic Ground Failure, Slope Stability, Soil Stability, Subsidence, TRPA, Tsunami.
- C. General Advisories – Refer to Report: Methamphetamine Contamination, Mold, Radon, Endangered Species, Abandoned Mines, Oil & Gas Wells, Tsunami Maps.
- D. Additional Reports – Enclosed if ordered. Refer to Report: (1) PROPERTY TAX REPORT (includes State-required NOTICES OF MELLO-ROOS & 1915 BOND ACT ASSESSMENTS and NOTICE OF SUPPLEMENTAL PROPERTY TAX BILL), (2) ENVIRONMENTAL HAZARD REPORT, (3) INSURANCE CLAIMS HISTORY REPORT (C.L.U.E.® Home Sellers Disclosure Report).
- E. Government Guides in Combined Booklet with report. Refer to Booklet: (1) ENVIRONMENTAL HAZARDS: "A Guide for Homeowners, Buyers, Landlords and Tenants"; (2) EARTHQUAKE SAFETY: "The Homeowner's Guide To Earthquake Safety" and included "RESIDENTIAL EARTHQUAKE HAZARDS REPORT FORM"; (3) LEAD-BASED PAINT: "Protect Your Family From Lead In Your Home"; (4) BRIEF GUIDE TO MOLD, MOISTURE AND YOUR HOME; (5) "WHAT IS YOUR HOME ENERGY RATING?" Government Guides are also available on the Company's "Electronic Bookshelf" at <http://www.disclosures.com/>.

NOTES: (1) This product includes the Natural Hazard Disclosure Report. Additional reports are included only if ordered. (2) Any Addenda are local disclosures and advisories (where applicable) which JCP-LGS provides as an accommodation at the request of the local real estate board and SIGNATURES MAY BE REQUIRED. (3) The representations in this Natural Hazard Disclosure Statement do not constitute all of the transferor's or agent's disclosure obligations in this transaction.

Signature of Buyer _____ Date _____ Signature of Buyer _____ Date _____



ITEMIZED REPORT CONTENTS

Property Address: 1015 CAROLINA ST,
SAN FRANCISCO, SAN FRANCISCO COUNTY, CA 94107
("Property")

APN: 4161-042
Report Date: 06/12/2013
Report Number: 1349149

This product includes the following Disclosures and Advisories:

Natural Hazard Report Disclosures and Advisories

(Signature Required on the Statutory Form – See preceding page)

- | | |
|---|---|
| ✓ State Level Natural Hazard Disclosures (Statutory Form) | ✓ Statewide Right to Farm Disclosure |
| ✓ Local City and County Level Natural Hazard Disclosures (where applicable) | ✓ Notice of Mining Operations |
| ✓ Commercial/Industrial Disclosure | ✓ Methamphetamine Contaminated Property Disclosure Advisory |
| ✓ Former Military Ordnance Site Disclosure | ✓ Mold Advisory |
| ✓ Airport Influence Area / Airport Noise Disclosure | ✓ Radon Advisory |
| ✓ Sex Offender Database Disclosure (Megan's Law) | ✓ Endangered Species Act Advisory |
| ✓ Transmission Pipeline Database Disclosure | ✓ Abandoned Mines Advisory |
| ✓ San Francisco Bay Conservation and Development Commission Disclosure (where applicable) | ✓ Oil & Gas Well Advisory |
| ✓ California Energy Efficiency Disclosure | ✓ Tsunami Map Advisory |

California Property Tax Report Disclosures and Advisories

- ✓ Notice of Special Tax and Assessment (Mello-Roos and 1915 Bond Act)
- ✓ Notice of Supplemental Property Tax Bill
- ✓ Private Transfer Fee Disclosure Advisory
- ✓ SRA Fire Prevention Fee Disclosure

Environmental Report Disclosures and Advisories

- ✓ Notification of known contaminated sites in proximity to the property
- ✓ Oil and Gas Wells Disclosure
- ✓ Gas Transmission and Hazardous Liquid Pipeline Disclosure



JCP-LGS Residential Property Disclosure Reports

The Natural Hazard Disclosure Report

For SAN FRANCISCO COUNTY

Property Address: 1015 CAROLINA ST,
SAN FRANCISCO, SAN FRANCISCO COUNTY, CA 94107
("Property")

APN: 4161-042
Report Date: 06/12/2013
Report Number: 1349149

NATURAL HAZARD DISCLOSURE REPORT

TABLE OF CONTENTS

This Report includes the sections as identified in this Table of Contents and is not complete if any one of these components is missing. Additional information may also be included in the form of addendums which are provided as an accommodation and are not an official part of this Report.

Sections		PAGE
SIGNATURE SECTION		
Statutory Form	The statutory disclosures applicable to the Property as required by California Civil Code 1103 (the "Law")..... SIGNATURE REQUIRED	1
Itemized Report Contents	A document summarizing all of the disclosures and advisories contained in the report ...	2
Table of Contents	Summary of report contents. (This page.).....	3
SUMMARY OF DISCLOSURES SECTION		
Summary of Natural Hazard Disclosure Determinations	A summary of the Statutory (State level) natural hazard disclosures and additional "Local" natural hazard disclosures officially adopted by the County and/or City wherein the subject property is located. Not all Counties or Cities have officially adopted maps of sufficient scale to make determinations specific to the Property.....	4
Summary of Additional Property Specific Disclosures & Advisories	A summary of some of the additional disclosures that could affect the value of the property that the State of California along with the California Association of REALTORS® have required.....	5 - 6
DISCLOSURE EXPLANATION SECTION		
Explanation of Mandatory State Level Disclosures	State Level Disclosures are defined and explained, and official Public Records used for the determinations as well as the reporting standards are identified.....	7 - 9
Explanation of County and City Disclosures (if applicable)	"Local" County and City Level Disclosures are defined and explained, and official Public Records used for the determinations as well as the reporting standards are identified. Any and all disclosures made in this section are based on the local jurisdictions' <i>officially adopted, publicly available hazard maps that are of useable scale in order to make parcel specific determinations</i>	10 - 14
Explanation of Additional Property Specific Disclosures	The State of California along with the California Association of REALTORS® have required that various property specific disclosures be made that could affect the value of the property. Some of these disclosures are made in this section.	15 - 21
Advisories	Important advisories and notices dealing with potential general concerns related to home ownership in California but not specific to the Property. These advisories are not mandated.....	22 - 28
Methods and Limitations (IMPORTANT)	A summary explanation of the methods used to make the disclosure determinations and limitations on liability.....	29 - 31



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SUMMARY OF NATURAL HAZARD DISCLOSURES

*Map N/A: Map not available, and/or not officially adopted by the jurisdiction, and/or not of sufficient scale from which to make parcel specific determinations.

STATE LEVEL DETERMINATIONS

IN	NOT IN	MAP N/A	Hazards	The Property is:	Refer to page
	✓		Flood	NOT IN a Special Flood Hazard Area. The Property is IN a FEMA-designated Flood Zone N.	7
	✓		Dam	NOT IN an area of potential dam inundation.	7
	✓		Very High Fire Hazard Severity	NOT IN a very high fire hazard severity zone.	8
	✓		Wildland Fire Area	NOT IN a state responsibility area.	8
	✓		Fault	NOT IN an earthquake fault zone designated pursuant to the Alquist-Priolo Act.	9
✓			Landslide	IN an area of earthquake-induced land sliding designated pursuant to the Seismic Hazard Mapping Act.	9
	✓		Liquefaction	NOT IN an area of potential liquefaction designated pursuant to the Seismic Hazard Mapping Act.	9

COUNTY LEVEL DETERMINATIONS

IN	NOT IN	MAP N/A	Hazards	The Property is:	Refer to page
✓			Ground Shaking Hayward	IN an area assigned a Shaking Severity Level of Moderate in the event of a Magnitude 6.5 Earthquake on the Northern Hayward Fault.	11
✓			Ground Shaking San Andreas	IN an area assigned a Shaking Severity Level of Strong in the event of a Magnitude 7.2 Earthquake on the Peninsula-Golden Gate San Andreas Fault.	11
	✓		Tsunami	NOT IN a mapped Tsunami Hazard Zone.	11

CITY LEVEL DETERMINATIONS

The jurisdiction in which the Property is located is either in an unincorporated area or does not have officially adopted mapped information available at this time from which a geologic determination can be made.



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SUMMARY OF ADDITIONAL PROPERTY SPECIFIC DISCLOSURES

IN	NOT IN	MAP N/A	Hazards	The Property is	Refer to page
	✓		Former Military Ordnance	NOT WITHIN one mile of a formerly used ordnance site.	15
✓			Commercial or Industrial	WITHIN one mile of a property zoned to allow commercial or industrial use	15
	✓		Airport Influence Area	NOT IN an airport influence area.	16
	✓		Airport Noise Area for 65 Decibel	NOT IN a delineated 65 dB CNEL or greater aviation noise zone.	17
	✓		Bay Conservation and Development Commission	NOT IN an area that is within the jurisdiction of the San Francisco Bay Conservation and Development Commission.	18
	✓		California Energy Commission	NOT IN a climate zone where properties are usually subject to duct sealing and testing requirements	19
	✓		Right to Farm Act	NOT IN a one mile radius of designated Important Farmland.	20
	✓		Notice of Mining Operations	NOT IN a one mile radius of a mapped mining operation that requires a statutory "Notice of Mining Operation" be provided in this Report.	21



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SUMMARY OF ADVISORIES AND ADDENDA

ADVISORIES

ADVISORY	ADVISORY NOTATION	Refer to page
Registered Sex Offender Data Base (Megan Law)	Provides an advisory required pursuant to Section 290.46 of the Penal Code. Information about specified registered sex offenders is made available to the public. Please refer to State required notification on page referenced herein.	22
Gas and Hazardous Liquid Transmission Pipeline Database Notice	Provides a notice required pursuant to Section 2079.10.5(a) of the Civil Code. Information about transmission pipeline location maps is made available to the public.	23
Methamphetamine Contamination	Provides an advisory that a disclosure may be required pursuant to the "Methamphetamine Contaminated Property Cleanup Act of 2005".	24
Mold	Provides an advisory that all prospective purchasers of residential and commercial property should thoroughly inspect the subject property for mold and sources for additional information on the origins of and the damage caused by mold.	24
Radon	Provides an advisory on the risk associated with Radon gas concentrations.	25
Endangered Species	Provides an advisory on resources to educate the public on locales of endangered or threatened species.	26
Abandoned Mines	Provides an advisory on resources to educate the public on the hazards posed by, and some of the general locales of, abandoned mines.	27
Oil and Gas Wells	Provides an advisory on the potential existence of oil and gas wells and sources for additional general and/or specific information.	27
Tsunami Map Advisory	Provides an advisory about maximum tsunami inundation maps issued for jurisdictional emergency planning.	28



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STATUTORY NATURAL HAZARD DISCLOSURE EXPLANATIONS

The statutory Natural Hazard Disclosure Statement on page one of this report does not provide for informing purchasers if the property is only partially within any of the delineated zones or provide additional flood zone information which could be very important to the disclosure process. The following summary is meant to give buyers the additional information they may need to help them in the decision making process and to place the information in perspective.

SPECIAL FLOOD HAZARD AREA

DISCUSSION: Property in a Special Flood Hazard Area (any type of Zone "A" or "V" as designated by the Federal Emergency Management Agency ("FEMA")) is subject to flooding in a "100-year rainstorm." Federally connected lenders are required to have homeowners maintain flood insurance in these zones. A 100-year flood occurs on average once every 100 years, but may not occur in 1,000 years or may occur in successive years. According to FEMA, a home located within a SFHA has a 26% chance of suffering flood damage during the term of a 30-year mortgage. Other types of flooding, such as dam failure, are not considered in developing these zones. In some cases, the insurance requirement may be waived or modified by obtaining a Letter of Map Revision ("LOMR") or Letter of Map Amendment ("LOMA") from the FEMA. This might be possible where flooding is shallow and fill was placed on the site, appropriate flood control measures were taken, or only the lot and no part of the structure is in the zone. Contact FEMA directly for more information. Flood insurance for properties in Zones B, C, D, X, X500, and X500_Levee is available but is not required.

Zones A, AO, AE, AH, AR, A1-A30: Area of "100-year" flooding - a 1% or greater chance of annual flooding.

Zones V, V1-V30: Area of "100-year" flooding in coastal (shore front) areas subject to wave action.

Zone B: Area of moderate flood risk. These are areas between the "100" and "500" year flood-risk levels.

Zones C, D: NOT IN an area of "100-year" flooding. Area of minimal (Zone C) or undetermined (Zone D) flood hazard.

Zones X: An area of minimal flood risk. These are areas outside the "500" year flood-risk level.

Zone X500: An area of moderate flood risk. These are areas between the "100" and "500" year flood-risk levels.

Zone X500_Levee: An area of moderate flood risk that is protected from "100-year flood" by levee and that is subject to revision to high risk (Zone A) if levee is decertified by FEMA.

Zone N: Area Not Included, no flood zone designation has been assigned or not participating in the National Flood Insurance Program.

Note: If the Property is subject to a Letter of Map Amendment ("LOMA") or a Letter of Map Revision ("LOMR") issued by FEMA, a copy of the LOMA or LOMR must be attached to the Natural Hazard Disclosure Statement ("NHDS") or appropriate disclosure statement. The Company is not always able to determine if the Property is subject to a LOMA or a LOMR. Even if such information is available to the Company, the Company is unable to attach a copy of the LOMA or LOMR to the NHDS. If Seller is aware that the Property is subject to a LOMR or a LOMA, the Seller shall attach a copy to the NHDS and notify the Company.

For more information about flood zones, visit:

http://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/defining_flood_risks.jsp

PUBLIC RECORD: Official Flood Insurance Rate Maps ("FIRM") compiled and issued by the Federal Emergency Management Agency ("FEMA") pursuant to 42 United States Code §4001, et seq.

AREA OF POTENTIAL FLOODING (DAM FAILURE)

DISCUSSION: Local governmental agencies, utilities, and owners of certain dams are required to prepare and submit inundation maps for review and approval by the California Office of Emergency Services ("OES"). A property within an Area of Potential Flooding Caused by Dam Failure is subject to potential flooding in the event of a sudden and total dam failure with a full reservoir. Such a failure could result in property damage and/or personal injury. However, dams rarely fail instantaneously and reservoirs are not always filled to capacity. Please note that not all dams (such as federally controlled dams) located within the state have been included within these dam inundation zones. Also these maps do not identify areas of potential flooding resulting from storms or other causes.

PUBLIC RECORD: Official dam inundation maps or digital data thereof made publicly available by the State of California Office of Emergency Services ("OES") pursuant to California Government Code §8589.5.



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VERY HIGH FIRE HAZARD SEVERITY ZONE (VHFHSZ)

DISCUSSION: VHFHSZs can be defined by the California Department of Forestry and Fire Protection ("Calfire") as well as by local fire authorities within "Local Responsibility Areas" where fire suppression is the responsibility of a local fire department. Properties located within VHFHS Zones may have a higher risk for fire damage and, therefore, may be subject to (i) additional construction requirements such as a "Class A" roof for new construction or replacement of existing roofs; and (ii) additional maintenance responsibilities such as adequate vegetation clearance near the structure, spark screens on chimneys and stovepipes, leaf removal from roofs, and other basic fire-safety practices. Contact the local fire department for a complete list of requirements and exceptions.

PUBLIC RECORD: Maps issued by Calfire pursuant to California Public Resources Code § 51178 recommending VHFHSZs to be adopted by the local jurisdiction within its Local Responsibility Area, or VHFHSZs adopted by the local jurisdiction within the statutory 120-day period defined in California Public Resources Code § 51179.

WILDLAND FIRE AREA (STATE RESPONSIBILITY AREA)

DISCUSSION: The State Board of Forestry classifies all lands within the State of California based on various factors such as ground cover, beneficial use of water from watersheds, probable damage from erosion, and fire risks. Fire prevention and suppression in all areas which are not within a Wildland - State Responsibility Area ("WSRA") is primarily the responsibility of the local or federal agencies, as applicable.

For property located within a WSRA, please note that (1) there may be substantial forest fire risks and hazards; (2) except for property located within a county which has assumed responsibility for prevention and suppression of all fires, it is NOT the state's responsibility to provide fire protection services to any building or structure located within a WSRA unless the Department has entered into a cooperative agreement with a local agency; and (3) the property owner may be subject to (i) additional construction requirements such as a "Class A" roof for new construction or replacement of existing roofs; and (ii) additional maintenance responsibilities such as adequate vegetation clearance near the structure, spark screens on chimneys and stovepipes, leaf removal from roofs, and other basic fire-safety practices.

The existence of local agreements for fire service is not available in the Public Record and, therefore, is not included in this disclosure. For very isolated properties with no local fire services or only seasonal fire services there may be significant fire risk. If the Property is located within a WSRA, please contact the local fire department for more detailed information.

PUBLIC RECORD: Official maps issued by the California Department of Forestry and Fire Protection ("Calfire") pursuant to California Public Resources Code § 4125.

SRA Fire Prevention Benefit Fee Advisory

On January 23, 2012, the State Board of Forestry and Fire Protection ("Board") adopted an emergency regulation that implements a Fire Prevention Benefit Fee ("Benefit Fee") imposed annually on property owners in wildland areas where the state has responsibility for providing fire protection. According to the adopted regulation, the Benefit Fee is one hundred fifty dollars (\$150.00) per habitable structure in the State Responsibility Area ("SRA"), including single-family homes, multi-dwelling structures, mobile and manufactured homes, and condominiums. The Board regulation is pursuant to Chapter 1.8 (commencing with Section 4210) to Part 2 of Division 4 of the Public Resources Code (also known as Assembly Bill X1-29). The regulation allows a fee reduction of thirty-five dollars (\$35.00) per habitable structure located in the SRA and within the boundaries of a local agency that provides fire protection services. For more information please refer to "Part 6 State Responsibility Area Fire Prevention Fee" in the JCP-LGS Property Tax Report.



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EARTHQUAKE FAULT ZONE

DISCUSSION: Earthquake Fault Zones are delineated and adopted by California as part of the Alquist-Priolo Earthquake Fault Zone Act of 1972. Property in an Earthquake Fault Zone ("EF Zone") does not necessarily have a fault trace existing on the site. EF Zones are areas or bands delineated on both sides of known active earthquake faults. EF Zones vary in width but average one-quarter (1/4) mile in width with the "typical" zone boundaries set back approximately 660 feet on either side of the fault trace. The potential for "fault rupture" damage (ground cracking along the fault trace) is relatively high only if a structure is located directly on a fault trace. If a structure is not on a fault trace, shaking will be the primary effect of an earthquake. During a major earthquake, shaking will be strong in the vicinity of the fault and may be strong at some distance from the fault depending on soil and bedrock conditions. It is generally accepted that properly constructed wood-frame houses are resistant to shaking damage.

PUBLIC RECORD: Official earthquake fault zone or special study zone maps approved by the State Geologist and issued by the California Department of Conservation, California Geological Survey pursuant to California Public Resources Code §2622.

SEISMIC HAZARD MAPPING ACT ZONE

DISCUSSION: Official Seismic Hazard Zone ("SH Zone") maps delineate Areas of Potential Liquefaction and Areas of Earthquake-Induced Landsliding. A property that lies partially or entirely within a designated SH Zone may be subject to requirements for site-specific geologic studies and mitigation before any new or additional construction may take place.

Earthquake-Induced Landslide Hazard Zones are areas where the potential for earthquake-induced landslides is relatively high. Areas most susceptible to these landslides are steep slopes in poorly cemented or highly fractured rocks, areas underlain by loose, weak soils, and areas on or adjacent to existing landslide deposits. The CGS cautions these maps do not capture *all* potential earthquake-induced landslide hazards and that earthquake-induced ground failures are not addressed by these maps. Furthermore, no effort has been made to map potential run-out areas of triggered landslides. It is possible that such run-out areas may extend beyond the zone boundaries. An earthquake capable of causing liquefaction or triggering a landslide may not uniformly affect all areas within a SH Zone.

Liquefaction Hazard Zones are areas where there is a potential for, or an historic occurrence of liquefaction. Liquefaction is a soil phenomenon that can occur when loose, water saturated granular sediment within 40 feet of the ground surface, are shaken in a significant earthquake. The soil temporarily becomes liquid-like and structures may settle unevenly. The Public Record is intended to identify areas with a relatively high potential for liquefaction but not to predict the amount or direction of liquefaction-related ground displacement, nor the amount of damage caused by liquefaction. The many factors that control ground failure resulting from liquefaction must be evaluated on a site specific basis.

PUBLIC RECORD: Official seismic hazard maps or digital data thereof approved by the State Geologist and issued by the California Department of Conservation, California Geological Survey pursuant to California Public Resources Code §2696.

STATUTORY NATURAL HAZARD DISCLOSURE REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within any of the above zones as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within any of the above zones as delineated in the Public Record.

"Map Not Available" shall be reported in areas not yet evaluated by the governing agency according to the Public Record. Please note that "Map Not Available" will be applicable to most portions of the state. Official Seismic Hazard Zone ("SH Zone") maps delineate Areas of Potential Liquefaction and Areas of Earthquake-Induced Landsliding.



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LOCAL COUNTY-LEVEL AND CITY-LEVEL NATURAL HAZARD DISCLOSURE EXPLANATIONS

PUBLIC RECORDS AND LOCAL REPORTING STANDARDS

HAZARD MAPS IN THE LOCAL GENERAL PLAN: In addition to those federal and state maps associated with disclosures specified under California Civil Code Section 1103, counties and cities have additional maps which depict various geologic and seismic hazards that local agencies consider when approving land use and development permit applications. These may include maps contained in the Safety Element and/or Seismic Safety Element of a General Plan that has been officially adopted by a city or county.

Unless otherwise specified, only those officially adopted Safety Element or Seismic Safety Element maps (or digital data thereof) which are publicly available, are of a scale, resolution, and quality that readily enable parcel-specific hazard determinations, and are consistent in character with those statutory federal or state disclosures will be considered for eligible for use as the basis for county- or city-level disclosures set forth in this Report. Please also note:

- If an officially adopted Safety Element or Seismic Safety Element map relies on data which is redundant of that used for state-level disclosures, this Report will indicate so and advise Report recipients to refer to the state-level hazard discussion section for more information.
- If an officially adopted Safety Element or Seismic Safety Element cites underlying maps created by another agency, those maps may be regarded as incorporated by reference and may be used as the basis for parcel-specific determinations if those maps meet the criteria set forth in this section.
- Because county- and city-level maps are developed independently and do not necessarily define or delineate a given hazard the same way, the boundaries for the "same" hazard may be different.

If one or more maps contained in the Safety Element and/or Seismic Safety Element of an officially adopted General Plan are used as the basis for local disclosure, those maps will appear under the "Public Record(s) Searched" for that county or city.

REPORTING STANDARDS

A good faith effort has been made to disclose all hazard features on pertinent Safety Element and Seismic Safety Element maps with well-defined boundaries; however, those hazards with boundaries that are not delineated will be deemed not suitable for parcel-specific hazard determinations. Some map features, such as lines drawn to represent the location of a fault trace, may be buffered to create a zone to facilitate disclosure. Those map features which can not be readily distinguished from those representing hazards may be included to prevent an omission of a hazard feature. If the width of a hazard zone boundary is in question, "IN" will be reported if that boundary impacts any portion of a property. Further explanations concerning specific map features peculiar to a given county or city will appear under the "Reporting Standards" for that jurisdiction.

PUBLIC RECORDS VS. ON-SITE EVALUATIONS

Mapped hazard zones represent evaluations of generalized hazard information. Any specific site within a mapped zone could be at less or more relative risk than is indicated by the zone designation. A site-specific evaluation conducted by a geotechnical consultant or other qualified professional may provide more detailed and definitive information about the Property and any conditions which may or do affect it.

PROPERTY USE AND PERMITTING

No maps beyond those identified as "Public Record(s)" have been consulted for the purpose of these local disclosures. These disclosures are intended solely to make Report recipient(s) aware of the presence of mapped hazards. For this reason – and because local authorities may use on these or additional maps or data differently to determine property-specific land use and permitting approvals – Report recipients are advised to contact the appropriate local agency, usually Community Development, Planning, and/or Building, prior to the transaction to ascertain if these or any other conditions or related regulations may impact the Property use or improvement.



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CITY AND COUNTY OF SAN FRANCISCO GEOLOGIC DISCUSSION

PUBLIC RECORD(S) SEARCHED: The following Public Record(s), contained in the Community Safety Element of the San Francisco City and County General Plan as officially adopted in 2012, is/are used for the City-level disclosure(s) below: "Map 02: Ground Shaking Intensity: Magnitude 7.2 Earthquake on the San Andreas Fault"; "Map 03: Ground Shaking Intensity: Magnitude 6.5 Earthquake on the Hayward Fault"; and "Map 05: Tsunami Hazard Zones, San Francisco, 2012".

GROUND SHAKING

Most earthquake damage comes from ground shaking. Ground shaking occurs in all earthquakes. All of the Bay area and much of California are subject to some level of ground shaking hazard. The impacts of ground shaking will be quite widespread. The severity of ground shaking varies considerably over the impacted region depending on the size of the earthquake, the distance from the epicenter of the earthquake, the nature of the soil at the site, and the nature of the geologic material between the site and the fault. It is likely that the intensities of ground shaking will vary considerably throughout the City during any given earthquake, and that the pattern of ground shaking will be fairly consistent, reflecting the underlying soils. In general, sites with stronger soils will experience shaking of less intensity than those in low-lying areas and along the Bay, with Bay mud or other weaker soils. Some sites, particularly those with poor soils, will experience strong ground shaking in most earthquakes. Earthquake intensity is measured on the Modified Mercalli Intensity (MMI) Scale, relevant portions of which are shown below:

Modified Mercalli Intensity	Summary Description Used on Maps	Description of Shaking Severity	Short Description (from <i>Elementary Seismology</i> , C. F. Richter, 1958)
V	Light	Pictures move	Felt outdoors. Sleepers wakened. Liquids disturbed, some spilled. Small unstable objects displaced or upset. Doors swing. Pictures move. Pendulum clocks stop.
VI	Moderate	Objects fall	Felt by all. People walk unsteadily. Many frightened. Windows crack. Dishes, glassware, knickknacks, and books fall off shelves. Pictures off walls. Furniture moved or overturned. Weak plaster, adobe buildings, and some poorly built masonry buildings cracked. Trees and bushes shake visibly.
VII	Strong	Nonstructural damage	Difficult to stand or walk. Noticed by drivers of cars. Furniture broken. Damage to poorly built masonry buildings. Weak chimneys broken at roof line. Fall of plaster, loose bricks, stones, tiles, cornices, unbraced parapets and porches. Some cracks in better masonry buildings. Waves on ponds.
VIII	Very Strong	Moderate damage	Steering of cars affected. Extensive damage to unreinforced masonry buildings, including partial collapse. Fall of some masonry walls. Twisting, falling of chimneys and monuments. Wood-frame houses moved on foundations if not bolted; loose partition walls thrown out. Tree branches broken.
IX	Violent	Heavy damage	General panic. Damage to masonry buildings ranges from collapse to serious damage unless modern design. Wood-frame structures rack, and, if not bolted, shifted off foundations. Underground pipes broken.
X	Very Violent	Extreme damage	Poorly built structures destroyed with their foundations. Even some well-built wooden structures and bridges heavily damaged and needing replacement. Water thrown on banks of canals, rivers, lakes, etc.

Source: ABAG, Modified Mercalli Intensity Scale, <http://quake.abag.ca.gov/shaking/mmi/>

The Public Record includes maps which depict projected ground shaking intensities for two different earthquake scenarios: A Magnitude 7.2 Earthquake on the San Andreas Fault and a Magnitude 6.5 Earthquake on the Hayward Fault. A list of the Modified Mercalli Intensity values identified in the Public Record, corresponding Shaking Severity Levels ("Very Violent", "Violent", "Very Strong", "Strong", "Moderate", or "Light"), and plain language characterizations of each shaking condition is provided in the table above. For additional shaking scenario maps please refer to ground shaking maps available on the website of the Association of Bay Area Governments (ABAG) at <http://www.abag.ca.gov>. This ground shaking map library depicts shaking intensity for various communities based on more than a dozen seismic event scenarios of different magnitudes on different fault segments.



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Reporting Standards: "IN" shall be reported as well as the most severe Shaking Severity Level ("Very Violent", "Violent", "Very Strong", "Strong", "Moderate", or "Light") affecting the Property for both the San Andreas Earthquake Magnitude 7.2 and Hayward Earthquake Magnitude 6.5 Shaking Intensity Scenarios as delineated in the Public Record. Note: The Public Record states that the depicted shaking intensities may be incorrect by one unit higher or lower.

TSUNAMI

Tsunamis are large waves in the ocean generated by earthquakes, coastal or submarine landslides, or volcanoes. Damaging tsunamis are not common on the California coast. Most California tsunamis are associated with distant earthquakes (most likely those in Alaska or South America, and recently in Japan), not with local earthquakes. Devastating tsunamis have not occurred in historic times in the Bay area. Because of the lack of reliable information about the kind of tsunami run-ups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami run-up that could occur. There is ongoing research into the potential tsunami run-up in California. The Public Record shows areas where tsunamis are thought to be possible.

Reporting Standards: "IN" shall be reported if any portion of the Property is within a "Tsunami Hazard Zone" as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is within a "Tsunami Hazard Zone" as delineated in the Public Record.

OTHER HAZARDS

"Map 01: Bay Area Earthquake Faults, USGS 2007" is a regional map which depicts no faults within San Francisco County but advises there is a 63% probability for one or more magnitude 6.7 or greater earthquakes from 2007 to 2035 in the San Francisco Bay Region. The seismic hazard zones depicted on "Map 04: Seismic Hazard Zones, San Francisco, 2012" are redundant of those subject to statutory disclosure on the natural hazard disclosure statement. For the most current information please refer to the state-level discussion and disclosure of Areas of Potential Liquefaction and Earthquake-Induced Landslides in the preceding section of this Report. "Map 06: Potential Inundation Areas due to Reservoir Failure" is not to scale. Please see the Dam Inundation discussion below for a description of potential inundation areas not already subject to state-level statutory disclosure.

The following natural hazards are discussed at length but not mapped in the County (and City) General Plan:

FLOOD

According to the General Plan the National Flood Insurance Program (NFIP), which designates flood-prone areas, has recently completed mapping communities along the San Francisco Bay, including San Francisco. Areas currently designated as prone to surface flooding in San Francisco on the new floodplain maps are in portions of Mission Bay, Treasure Island, Hunters Point Shipyard and Candlestick Point, as well as significant portions of the Port. Designation as a federal flood hazard zones could necessitate the adoption of a Floodplain Management Ordinance, which would restrict uses that could be dangerous due to water or erosion, require that uses be protected against flood damage when constructed, and require floodplain management by development in floodplain areas. Special flood hazard areas designated by the NFIP will be subject to statutory disclosure once FEMA issues official Flood Insurance Rate Maps (FIRMs) for this community.

Reporting Standards: No determination is reported because the Public Record does not include a map which delineates the boundaries for this hazard within the City.

DAM INUNDATION

Dams and reservoirs which hold large volumes of water represent a potential hazard due to failure caused by ground shaking. The San Francisco Water Department owns above ground reservoirs and tanks within San Francisco. The San Francisco Water Department monitors its facilities and submits periodic reports to the California Department of Water Resources, Division of Safety of Dams (DOSD), which regulates large dams. In addition to those reservoirs already subject to statutory state-level disclosure (Sunset, Sutro, Stanford Heights, and University Mound), potential inundation areas are identified for 3 other facilities: Lombard Street & Francisco Street Reservoirs in the north of the City (bordered roughly by Van Ness Avenue on the west, Taylor Street on the east, and Lombard Street on the south); McLaren Park Reservoir in the south (bordered roughly by Santos Street on the west, Bayshore Boulevard on the east, Raymond Avenue on the north, and the San Francisco-San Mateo County Line on the south); and Merced Manor Reservoir in the west (bordered roughly by Sunset Boulevard on the west, 22nd Avenue on the east, Sloat Boulevard on the north, and Lake Merced Boulevard and Eucalyptus Avenue on the south).

Reporting Standards: No determination is reported because the map contained in the Public Record is not to scale.

SEA LEVEL RISE

Using multiple emissions scenarios, best available projections for California and the Bay Area currently assume 12-18 inches of sea level rise by 2050 and 21-55 inches of sea level rise by 2100, given current carbon emissions trends. Such scenarios



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are depicted on San Francisco Bay Conservation and Development Commission sea level rise maps at http://www.bcdc.ca.gov/planning/climate_change/index_map.shtml. These projections are likely to change over time as climate science progresses. Perhaps the most obvious and widespread consequence of sea level rise is inundation and flooding of land. Sea level rise will not only cause permanent land inundation, it will increase and expand the 100-year floodplain. Thus, the number of residents at risk would increase during storm events. Land composed of bayfront fill is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. Additionally, sea walls located along the Embarcadero and along the Great Highway may be at risk for overtopping and inundation.

Reporting Standards: No determination is reported because the Public Record does not include a map which delineates the boundaries for this hazard within the City.



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CITY-LEVEL GEOLOGIC AND SEISMIC ZONES DISCUSSION

This Report reviews the officially adopted geologic hazard maps in the Safety Element that each city in California is required to include in its General Plan. The city the subject property is located in has either not officially adopted hazard zonation maps in its General Plan at an appropriate scale to delineate where hazards may exist on a single parcel basis or will not make such maps available outside city offices. However, all Parties should be California is "earthquake country." Faults that may exist in this city or in neighboring regions could cause earthquake shaking or other fault related-phenomena on the Property. Other geologic hazards such as, but not limited to liquefaction (a type of soil settling that can occur when loose, water-saturated sediments are shaken significantly in an earthquake) may occur in certain valley floor areas and landslides are a possibility in any hillside area. Such potential natural hazards may exist and be delineated on other sources used by the city in its Planning, Engineering, or Building Departments. Such potential sources are not reviewed in this report.

• • • END OF LOCAL AREA DISCLOSURES AND DISCUSSIONS SECTION • • •



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ADDITIONAL PROPERTY SPECIFIC DISCLOSURES

FORMER MILITARY ORDNANCE SITE DISCLOSURE

DISCUSSION: Former Military Ordnance (FUD) sites can include sites with common industrial waste (such as fuels), ordnance or other warfare materiel, unsafe structures to be demolished, or debris for removal. California Civil Code 1102 requires disclosure of those sites containing unexploded ordnance. "Military ordnance" is any kind of munitions, explosive device/material or chemical agent used in military weapons. Unexploded ordnance are munitions that did not detonate. NOTE: most FUD sites do not contain unexploded ordnance. Only those FUD sites that the U.S. Army Corps of Engineers (USACE) has identified to contain Military Ordnance or have mitigation projects planned for them are disclosed in this report. Additional sites may be added as military installations are released under the Federal Base Realignment and Closure (BRAC) Act. Active military sites are NOT included on the FUD site list.

PUBLIC RECORD: Data contained in Inventory Project Reports, Archives Search Reports, and related materials produced for, and made publicly available in conjunction with, the Defense Environmental Restoration Program for Formerly Used Defense Sites by the U.S. Army Corps of Engineers. Sites for which no map has been made publicly available shall not be disclosed.

REPORTING STANDARD: If one or more facility identified in the Public Record is situated within a one (1) mile radius of the Property, "WITHIN" shall be reported. The name of that facility or facilities shall also be reported.

COMMERCIAL OR INDUSTRIAL ZONING DISCLOSURE

DISCUSSION: The seller of real property who has actual knowledge that the property is affected by or zoned to allow commercial or industrial use described in Section 731a of the Code of Civil Procedure shall give written notice of that knowledge to purchasers as soon as practicable before transfer of title (California Civil Code Section 1102.17). The Code of Civil Procedure Section 731a defines industrial use as areas in which a city and/or county has established zones or districts under authority of law wherein certain manufacturing or commercial or airport uses are expressly permitted. The "Zoning Disclosure" made in this report DOES NOT purport to determine whether the subject property is or is not affected by a commercial or industrial zone. As stated above, that determination is based solely upon ACTUAL KNOWLEDGE of the seller of the subject property.

In an effort to help determine areas where this may be applicable, this disclosure identifies if a property exists within one mile of the seller's property that is zoned to allow for commercial or industrial use. Very commonly, a home will have in its vicinity one or more properties that are zoned for commercial or industrial use such as restaurants, gasoline stations, convenience stores, golf courses, country club etc.

PUBLIC RECORD: Based on publicly-available hardcopy and/or digital zoning and land use records for California cities and counties.

REPORTING STANDARD: If one or more property identified in the Public Record as "commercial," "industrial," or "mixed use" is situated within a one (1) mile radius of the Property, "WITHIN" shall be reported. Please note that an airport facility that may be classified as public use facility in the Public Record will be reported as "commercial/industrial" in this disclosure.



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AIRPORT INFLUENCE AREA DISCLOSURE

DISCUSSION:

Certain airports are not disclosed in this report. JCP-LGS has made a good faith effort to identify the airports covered under Section 1102.6a. Sources consulted include official land use maps and/or digital data made available by a governing Airport Land Use Commission (ALUC) or other designated government body. Most facilities for which an Airport Influence Area has been designated are included on the "California Airports List" maintained by the California Department of Transportation's Division of Aeronautics. Not disclosed in this report are public use airports that are not in the "California Airports List", airports that are physically located outside California, heliports and seaplane bases that do not have regularly scheduled commercial service, and private airports or military air facilities unless specifically identified in the "California Airports List". **If the seller has actual knowledge of an airport in the vicinity of the subject property that is not disclosed in this report, and that is material to the transaction, the seller should disclose this actual knowledge in writing to the buyer.**

Most facilities for which an Airport Influence Area has been designated are included on the "California Airports List" maintained by the California Department of Transportation's Division of Aeronautics. The inclusion of military and private airports varies by County, and heliports and seaplane bases are not included, therefore, airports in these categories may or may not be included in this disclosure.

NOTE: Proximity to an airport does not necessarily mean that the property is exposed to significant aviation noise levels. Alternatively, there may be properties exposed to aviation noise that are greater than two miles from an airport. Factors that affect the level of aviation noise include weather, aircraft type and size, frequency of aircraft operations, airport layout, flight patterns or nighttime operations. Buyer should be aware that aviation noise levels can vary seasonally or change if airport usage changes.

PUBLIC RECORD: Based on officially adopted land use maps and/or digital data made publicly available by the governing ALUC or other designated government body. If the ALUC or other designated government body has not made publicly available a current officially adopted airport influence area map, then California law states that "a written disclosure of an airport within two (2) statute miles shall be deemed to satisfy any city or county requirements for the disclosure of airports in connection with transfers of real property."

REPORTING STANDARD: "IN" shall be reported along with the facility name(s) and the "Notice of Airport in Vicinity" if any portion of the Property is situated within either (a) an Airport Influence Area as designated on officially adopted maps or digital data or (b) a two (2) mile radius of a qualifying facility for which an official Airport Influence Area map or digital data has not been made publicly available by the ALUC or other designated governing body. "NOT IN" shall be reported if no portion of the Property is within either area.



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AIRPORT NOISE DISCLOSURE

DISCUSSION: California Civil Code §1102.17 requires the seller(s) of residential real property who has/have actual knowledge that the property in the transaction is affected by airport use must give written notice of that knowledge, as soon as practicable, before transfer of title.

Under the Federal Aviation Administration's *Airport Noise Compatibility Planning Program* Part 150, certain 65 decibel (dB) Community Noise Equivalent Level (CNEL) contour maps have been produced for some airports. *Not all airports have produced noise exposure maps. A property may be near or at some distance from an airport and not be within a delineated noise exposure area, but still experience aviation noise. Unless 65dB CNEL contour maps are published, helipads and military sites are not included in this section of the Report.*

The *Airport Noise Compatibility Planning Program* is voluntary and not all airports have elected to participate. Furthermore, not all property in the vicinity of an airport is exposed to 65dB CNEL or greater average aviation noise levels. Conversely a property may be at some distance from an airport and still experience aviation noise. Buyer should be aware that aviation noise levels can vary seasonally or change if airport usage changes after a map is published or after JCP-LGS receives the updated maps within the schedule set by JCP-LGS. JCP-LGS uses the most seasonally conservative noise exposures provided.

Federal funding may be available to help airports implement noise reduction programs. Such programs vary and may include purchasing properties, rezoning, and insulating homes for sound within 65dB areas delineated on CNEL maps. Airport owners have also cooperated by imposing airport use restrictions that include curfews, modifying flight paths, and aircraft limitations.

PUBLIC RECORD: Certain 65 decibel (dB) Community Noise Equivalent Level (CNEL) contour maps produced under the Federal Aviation Administration's *Airport Noise Compatibility Planning Program* Part 150.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is situated within a 65 decibel Community Noise Equivalent Level contour identified in the Public Record. "NOT IN" shall be reported if no portion of the Property is situated within a 65 decibel Community Noise Equivalent Level contour identified in the Public Record.



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SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION DISCLOSURE

DISCUSSION: As of July 1, 2005, Civil Code §1103.4 mandates disclosure to buyers of certain real estate if the boundary of the property is determined to be (1) within 100 feet of the San Francisco Bay shoreline as mapped in 1997 by the National Ocean Survey (NOS), an agency of the National Oceanographic and Atmospheric Administration (NOAA); or (2) within another mapped zone established by the Bay Conservation and Development Commission (BCDC). The BCDC has regulatory jurisdiction within 100 feet inland from the point of "mean higher high water" as mapped by the NOS, and within other zones the agency has defined along the San Francisco Bay margin (BCDC Memo entitled "Guidance on Determining Commission Jurisdiction Pursuant to Senate Bill 1568").

Notice is required to prevent unknowing violations of the law by new owners who were unaware that certain activities on the real property are subject to the BCDC's permit requirements. **The BCDC notes that the Bay is a highly dynamic environment and the shoreline changes over time (see Discussion below). In addition, there is inherent uncertainty in the shoreline position as mapped by the NOS or any agency. The BCDC advises the buyer and other interested parties to contact its office if a more authoritative jurisdictional determination is desired. The BCDC office is located at 50 California Street, Suite 2600, San Francisco, California 94111, and can be reached at (415) 352-3600, or by email to info@bcdc.ca.gov**

The BCDC has issued maps for some parts of its jurisdiction, including the San Francisco Bay Plan maps (California Code of Regulations, Title 14, Section 10121) and the Suisun Marsh Plan maps (Nejedly-Bagley-Z'berg Suisun Marsh Preservation Act of 1974). Official maps have not been issued for other parts of the BCDC jurisdiction (McAteer-Petris Act areas) because the Bay is a highly dynamic environment and the shoreline changes over time (in part because the sea level also changes over time). In those areas where official BCDC maps are not available or along the edges of the BCDC's mapped jurisdiction, to meet the disclosure requirements, this report will indicate that the property "could be within" the BCDC's jurisdiction and that a location-specific jurisdictional determination should be made by consulting the BCDC. This determination of "could be within" the BCDC's jurisdiction was recommended by the BCDC in that certain Memo entitled "Guidance on Determining Commission Jurisdiction Pursuant to Senate Bill 1568" issued in February 2005 and posted on the BCDC website.

PUBLIC RECORDS: San Francisco Bay Plan maps (California Code of Regulations, Title 14, Section 10121) and the Suisun Marsh Plan maps (Nejedly-Bagley-Z'berg Suisun Marsh Preservation Act of 1974) made publicly available by BCDC and that certain Memo entitled "Guidance on Determining Commission Jurisdiction Pursuant to Senate Bill 1568" issued by BCDC in February 2005 and posted on the BCDC website ("BCDC Memo").

REPORTING STANDARD: "WITHIN" shall be reported if any portion of the Property is situated within an areas mapped by BCDC or is within the 100-foot shoreline band. "COULD BE WITHIN" shall be reported if any portion of the Property is situated within one-quarter (1/4) mile of either an area mapped by BCDC or the 100-foot shoreline band. "NOT WITHIN" shall be reported if no portion of the Property is situated within an area that would otherwise be reported as either "WITHIN" or "COULD BE WITHIN."



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CALIFORNIA ENERGY COMMISSION DUCT SEALING & TESTING REQUIREMENT

DISCUSSION: According to the California Energy Commission ("CEC") most California homes have improperly sealed central air conditioning and heating system ducts such that approximately 30 percent of the conditioned air actually leaks outside the home.

Effective October 1, 2005, in order to combat this waste of energy and money, the CEC set forth new duct sealing and testing requirements in Title 24 of the Building Energy Efficiency Standards. Title 24 requires that, in specific climate zones as designated by the CEC, **when a central air conditioner or furnace is installed or replaced**, homeowners must have ducts tested for leaks. Ducts found to leak more than 15 percent or more must be repaired. Once a contractor tests and fixes these ducts, you must have an approved third-party verifier determine that the ducts have been properly sealed. The CEC cautions homeowners that a contractor who fails to obtain a required building permit and fails to test and repair your ducts "is violating the law and exposing you to additional costs and liability." If you do not obtain a permit, you may be required to bring your home into compliance with code requirements for that work and may incur additional penalties and fines that have to be paid prior to selling your home. Remember that you have a duty to disclose whether you obtained required permits for work performed to prospective buyers and appraisers.

Local governments may mandate more stringent requirements; however, please be advised that duct sealing and associated testing is generally not required:

- if homes are located in specific coastal climates;
- when systems have less than 40 feet of ductwork in unconditioned spaces such as attics, garages, crawlspaces, basements, or outside the building; or
- when ducts are constructed, insulated, or sealed with asbestos.

Please note there are specific alternatives that allow high efficiency equipment and added duct insulation to be installed instead of fixing duct leaks. Please also be advised that there are separate regulations which govern duct insulation levels required by climate zone and HVAC system.

For more information on these requirements, please contact the California Energy Commission or visit the official CEC "2005 HVAC Change-Out Information" portal at <http://www.energy.ca.gov/title24/changeout/>

PUBLIC RECORD: Vector digital rendition of the official "California Building Climate Zone Map" made publicly available by the California Energy Commission ("CEC").

REPORTING STANDARD: "WITHIN" shall be reported if the Property is situated within climate zone 2 or any climate zone 9 through 16 as designated in the Public Record. These are areas wherein duct sealing is "prescriptively required when an air conditioner or furnace is replaced and when new ducts are added or ducts are altered in an existing home." "NOT WITHIN" shall be reported if the Property is situated in climate zone 1 or any climate zones 3 through 8 as designated in the Public Record.



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STATEWIDE RIGHT TO FARM DISCLOSURE

DISCUSSION:

California has a "Right to Farm Act" (Civil Code Section 3482.5) to protect farming operations. When agricultural land within the State's agricultural areas is bought and sold, the purchasers are often not made aware of the fact that there are right-to-farm laws. This has led to confusion and a misunderstanding of the actual uses of the land or uses of the surrounding agricultural lands.

In 2008 the State of California enacted Assembly Bill 2881 to limit the exposure of farmers to nuisance lawsuits by homeowners in neighboring developments. The mechanism of this bill is a formal notification of the buyer, through a "Notice of Right to Farm" in an expert disclosure report that advises the buyer if the subject property is within one mile of farmland as defined in the bill.

If the seller has actual knowledge of an agricultural operation in the vicinity of the subject property that is not disclosed in this report, and that is material to the transaction, the seller should disclose this actual knowledge in writing to the buyer.

PUBLIC RECORD: Based on the most current available version of the "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection, utilizing solely the county-level GIS map data, if any, available on the Division's Farmland Mapping and Monitoring Program website, pursuant to Section 11010 of the Business and Professions Code, and Section 1103.4 of the California Civil Code.

REPORTING STANDARD: "IN" shall be reported and the "Notice of Right to Farm" provided if any portion of the Property is situated within, or within one mile of, a parcel of real property designated as "Prime Farmland," "Farmland of Statewide Importance," "Unique Farmland," "Farmland of Local Importance," or "Grazing Land" in the public record. "NOT IN" shall be reported if no portion of the Property is within that area.

Some counties, or parts thereof, are not included in the Public Record because they have not been mapped for farmland parcels under this State program. Typically, this is because the county area is public land and not planned for incorporation, or, in the case of San Francisco, the county is entirely incorporated. In those instances, we report "Map Not Available" above, or "Map N/A" in the table of summary determinations at the beginning of this report.



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NOTICE OF MINING OPERATIONS DISCLOSURE

If the Property has been determined to be located within one (1) mile of a reported mining operation(s), the following notice is provided as mandated by California law:

NOTICE OF MINING OPERATIONS

This property is located within one mile of a mine operation for which the mine owner or operator has reported mine location data to the Department of Conservation pursuant to Section 2207 of the Public Resources Code. Accordingly, the property may be subject to inconveniences resulting from mining operations. You may wish to consider the impacts of these practices before you complete your transaction.

DISCUSSION: Historically mining operations have been located in remote areas. However, increasing urbanization has resulted in some residential projects being developed near existing mining operations.

California Public Resources Code §2207 requires owners and operators of mining operations to provide annually specific information to the California Department of Conservation ("DOC"), including but not limited to, (i) ownership and contact information, and (ii) the latitude, longitude, and approximate boundaries of the mining operation marked on a specific United States Geological Survey map. The Office of Mining Reclamation ("OMR") is a division of the DOC. Using the mandatory data specified above, OMR provides map coordinate data that can be used by GIS systems to create points representing mine locations ("OMR Maps"). For more information please visit OMR's Mines OnLine Map Viewer (<http://maps.conservation.ca.gov/mol/index.html>).

Effective January 1, 2012, California Civil Code §1103.4 requires the seller of residential property to disclose to a buyer if the residential property is located with one (1) mile of mining operations as specified on OMR Maps.

Special Notes:

1. This statutory disclosure does not rely on the OMR's "AB 3098 List," a list of mines regulated under the Surface Mining and Reclamation Act of 1975 ("SMARA") that meet provisions set forth under California Public Resources Code §2717(b). The AB 3098 List does not include map coordinate data as required under California Public Resources Code §2207 and may not include all mining operations subject to the "Notice of Mining Operations" disclosure.
2. This "Notice of Mining Operations" disclosure is not satisfied by disclosing abandoned mines. An abandoned mine is NOT an operating mine. California Civil Code §1103.4 is satisfied only by disclosing based on OMR Maps.

PUBLIC RECORD: Mining operations as provided on OMR Maps made publicly available by DOC pursuant to California law.

REPORTING STANDARDS: "IN" is reported if any portion of the Property is located within a one (1) mile radius of one or more mining operation(s) identified in the Public Record for which map coordinate data is provided. If "IN", the name of the mining operation(s) as it appears in the Public Record is also reported. "NOT IN" is reported if no portion of the Property is located within a one (1) mile radius of a mining operation specified on OMR Maps.



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ADVISORIES

REGISTERED SEX OFFENDER DATABASE DISCLOSURE REQUIREMENT ("MEGAN'S LAW")

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

DISCUSSION: California law (AB 488), signed by the Governor on September 24, 2004, provides the public with Internet access to detailed information on registered sex offenders. The Sex Offender Tracking Program of the California Department of Justice (DOJ) maintains the database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.46 of the Penal Code. The online database is updated with data provided by local sheriff and police agencies on an ongoing basis. It presents offender information in 13 languages; may be searched by a sex offender's specific name, zip code, or city/county; provides access to detailed personal profile information on each registrant; and includes a map of your neighborhood.

California Department of Justice Information Sources:

Megan's Law Sex Offender Locator Web Site: <http://www.meganslaw.ca.gov>

California Department of Justice Megan's Law Email Address: meganslaw@doj.ca.gov

Local Information Locations For The Property:

All sheriffs' departments and every police department in jurisdictions with a population of 200,000 or more are required to make a CD-ROM available free to the public for viewing. Although not required, many other law enforcement departments in smaller jurisdictions make the CD-ROM available as well. Please call the local law enforcement department to investigate availability.

The following are the law enforcement departments in your county that are REQUIRED to make information available:

San Francisco County Sheriff Department	(415) 553-9203
San Francisco Police Department	(415) 553-9203

Explanation and How to Obtain Information

For over 50 years, California has required certain sex offenders to register with their local law enforcement agencies. However, information on the whereabouts of the sex offenders was not available to the public until implementation of the Child Molester Identification Line in July 1995. The available information was expanded by California's "Megan's Law" in 1996 (Chapter 908, Stats. of 1996). Megan's Law provides certain information on the whereabouts of "serious" and "high-risk" sex offenders. The law specifically prohibits using the information to harass or commit any crime against the offender. The information on a registered sex offender includes: name and known aliases; age and sex; physical description, including scars, marks and tattoos; photograph, if available; crimes resulting in registration; county of residence; and zip code (from last registration). Accessing the online database requires agreement to the DOJ's terms of use on the web page.



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GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINE DATABASE DISCLOSURE REQUIREMENT

DISCUSSION: Following a number of pipeline disasters in the U.S., such as the 2010 San Bruno explosion in Northern California, there is an increased awareness of the potential dangers associated with underground transmission pipelines. As a result, the California Legislature unanimously passed Assembly Bill 1511 (Bradford), signed by Governor Jerry Brown on July 13, 2012. This law, which becomes effective January 1, 2013, is chaptered as California Civil Code Section 2079.10.5 and mandates the disclosure of the following notice to homebuyers:

NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES

This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site. (California Civil Code Section 2079.10.5(a))

Civil Code Section 2079.10.5(c) adds, "Nothing in this section shall alter any existing duty under any other statute or decisional law imposed upon the seller or broker, including, but not limited to, the duties of a seller or broker under this article, or the duties of a seller or broker under Article 1.5 (commencing with Section 1102) of Chapter 2 of Title 4 of Part 4 of Division 2."

Such "existing duties" include the disclosure of actual knowledge about a potential hazard, such as may be created by the delivery of a letter from the local utility company informing the seller that a gas transmission pipeline exists within 2,000 feet of the Property.

Beginning on the law's January 1, 2013, effective date, except where such "existing duties" apply, "Upon delivery of the notice to the transferee of the real property, the seller or broker is not required to provide information in addition to that contained in the notice regarding gas and hazardous liquid transmission pipelines in subdivision (a). The information in the notice shall be deemed to be adequate to inform the transferee about the existence of a statewide database of the locations of gas and hazardous liquid transmission pipelines and information from the database regarding those locations." (California Civil Code Section 2079.10.5(b))

The disclosure of underground transmission pipelines helps the parties in a real estate transaction make an informed decision and is in the best interest of the public. Buyer should be aware that, according to the NPMS Internet Web site, gas and/or hazardous liquid transmission pipelines are known to exist in 49 of California's 58 counties, the exceptions being in rural mountainous parts of the state. Every home that utilizes natural gas is connected to a gas "distribution" pipeline, which is generally of smaller size and lower pressure than a transmission pipeline.

For More Information

To investigate whether any pipeline easement (right-of-way) exists on the Property, buyer should review the Preliminary Title Report. Buyer should consult an attorney for interpretation of any law. This notice is for information purposes only and should not be construed as legal advice.



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METHAMPHETAMINE CONTAMINATED PROPERTY DISCLOSURE ADVISORY

DISCUSSION: According to the "Methamphetamine Contaminated Property Cleanup Act of 2005" a property owner must disclose in writing to a prospective buyer if local health officials have issued an order prohibiting the use or occupancy of a property contaminated by meth lab activity. The owner must also give a copy of the pending order to the buyer to acknowledge receipt in writing. Failure to comply with these requirements may subject an owner to, among other things, a civil penalty up to \$5,000. Aside from disclosure requirements, this new law also sets forth procedures for local authorities to deal with meth-contaminated properties, including the filing of a lien against a property until the owner cleans up the contamination or pays for the cleanup costs.

MOLD ADVISORY

DISCUSSION: The Buyer is hereby advised that naturally occurring molds may exist both inside and outside of any home and may not be visible to casual inspection. Persons exposed to extensive mold levels can become sensitized and develop allergies to the mold or other health problems. Extensive mold growth can damage a structure and its contents. All prospective purchasers of residential and commercial property are advised to thoroughly inspect the Property for mold. Be sure to inspect the Property inside and out for sources of excess moisture, current water leaks and evidence of past water damage.

As part of a buyer's physical inspection of the condition of a property, the buyer should consider engaging an appropriate and qualified professional to inspect and test for the presence of harmful molds and to advise the buyer of any potential risk and options available. This advisory is not a disclosure of whether harmful mold conditions exist at a property or not. No testing or inspections of any kind have been performed by The Company. Any use of this form is acknowledgement and acceptance that The Company does not disclose, warrant or indemnify mold conditions at a property in any way and is not responsible in any way for mold conditions that may exist. Information is available from the California Department of Health Services Indoor Air Quality Section fact sheet entitled, "Mold in My Home: What Do I Do?" The fact sheet is available at www.cal-iaq.org or by calling (510) 620-3620.

The Toxic Mold Protection Act of 2001 requires that information be developed regarding the potential issues surrounding naturally occurring molds within a home. Information was written by environmental authorities for inclusion in the *Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants* booklet developed by the California Environmental Protection Agency and the Department of Health Services. It is found in Chapter VI of that booklet, and includes references to sources for additional information.

For local assistance, contact your county or city Department of Health, Housing, or Environmental Health.



JCP-LGS Residential Property Disclosure Reports

The Natural Hazard Disclosure Report For SAN FRANCISCO COUNTY

Property Address: 1015 CAROLINA ST,
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("Property")

APN: 4161-042
Report Date: 06/12/2013
Report Number: 1349149

RADON ADVISORY

DISCUSSION: For its Radon Advisory, JCP-LGS uses the updated assessment of radon exposure published in 1999 by the Lawrence Berkeley National Laboratory (LBNL) and Columbia University, under support from the U.S. Environmental Protection Agency (EPA), the National Science Foundation, and the US Department of Energy (published online at <http://eetd.lbl.gov/IEP/high-radon/USgm.htm>). Based on this recent assessment, JCP-LGS's radon advisory is as follows:

All of California's 58 counties have a predicted median annual-average living-area concentration of radon below 2.0 pCi/L (picocuries per liter of indoor air) -- which is well below the EPA's guideline level of 4 pCi/L and equivalent to the lowest hazard zone (Zone 3) on the 1993 EPA Map of Radon Zones

The "median concentration" means that half of the homes in a county are expected to be below this value and half to be above it. All houses contain some radon, and a few houses will contain much more than the median concentration. **The only way to accurately assess long-term exposure to radon in a specific house is through long-term testing (sampling the indoor air for a year or more). The EPA recommends that all homes be tested for radon.** Columbia University's "Radon Project" website offers help to homeowners in assessing the cost vs. benefit of testing a specific house for radon or modifying it for radon reduction (see <http://www.stat.columbia.edu/radon/>).

NOTE: JCP-LGS does not use the EPA's 1993 map for advisory purposes because that map shows "short-term" radon exposure averaged by county. It was based on "screening measurements" that were intentionally designed to sample the worst-case conditions for indoor air in US homes--using spot checks (sampling for just a few days), in the poorest air quality (with sealed doors and windows), at the worst time of the year (winter), in the worst part of the house (the basement, if one was available). These short-term, winter, basement measurements are both biased and variable compared to long-term radon concentrations (averaged over a year) in the living area of a house. Long-term concentrations are a more accurate way to judge the long-term health risk from radon. For the above reasons, the EPA expressly disclaims the use of its 1993 map for determining whether any house should be tested for radon, and authorizes no other use of its map for property-specific purposes. For additional information about EPA guidelines and radon testing, see "Chapter VII--Radon", in the California Department of Real Estate's *Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants*.



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ENDANGERED SPECIES ACT ADVISORY

DISCUSSION: The Federal Endangered Species Act of 1973 ("ESA"), as amended, requires that plant and animal species identified and classified ("listed") by the Federal government as "threatened" or "endangered" be protected under U.S. law. Areas of habitat considered essential to the conservation of a listed species may be designated as "critical habitat" and may require special management considerations or protection. All threatened and endangered species -- even if critical habitat is not designated for them -- are equally afforded the full range of protections available under the ESA.

In California alone, over 300 species of plants and animals have been designated under the ESA as threatened or endangered, and over 80 species have critical habitats designated for them. Most California counties are host to a dozen or more protected species and, in many cases, 10 or more species have designated critical habitats within a county.

ADVISORY: An awareness of threatened and endangered species and/or critical habitats is not reasonably expected to be within the actual knowledge of a seller.

No federal or state law or regulation requires a seller or seller's agent to disclose threatened or endangered species or critical habitats, or to otherwise investigate their possible existence on real property. Therefore, Buyer is advised that, prior to purchasing a vacant land parcel or other real property, Buyer should consider investigating the existence of threatened or endangered species, or designated critical habitats, on or in the vicinity of the Property which could affect the use of the Property or the success of any proposed (re)development.

FOR MORE INFORMATION: Complete and current information about the threatened and endangered species in California that are Federally listed in each county -- including all critical habitats designated there -- is available on the website of the U.S. Fish & Wildlife Service, the Federal authority which has enforcement responsibility for the ESA.

U.S. Fish & Wildlife Service Endangered Species Database (TESS)
http://ecos.fws.gov/tess_public/



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ABANDONED MINES ADVISORY

DISCUSSION: According to the California Department of Conservation, Office of Mine Reclamation, since the Gold Rush of 1849, tens of thousands of mines have been dug in California. Many were abandoned when they became unproductive or unprofitable. The result is that California's landscape contains many thousands of abandoned mines, which can pose health, safety, or environmental hazards on and around the mine property. Mines can present serious physical safety hazards, such as open shafts or adits (mine tunnel), and they may create the potential to contaminate surface water, groundwater, or air quality. Some abandoned mines are such massive problems as to earn a spot on the Federal Superfund environmental hazard list.

No California law requires the disclosure of abandoned mines in a real estate transaction, unless the existence of an abandoned mine is within the actual knowledge of the Seller and is deemed to be a fact material to the transaction.

The Office of Mine Reclamation (OMR) and the U.S. Geological Survey maintain a database of abandoned mines -- however, it is known to be incomplete and based on maps that are often decades out of date. Many mines are not mapped because they are on private land. The OMR warns that, *"Many old and abandoned mines are not recorded in electronic databases, and when they are, the information may not be detailed enough to accurately define, differentiate or locate the mine feature, such as a potentially hazardous vertical shaft or horizontal adit or mine waste."* (See reference below.)

Accordingly, this Report does not contain an abandoned mines disclosure from any government database or map or any other source, in order to protect the seller from liability for non-disclosure of unrecorded abandoned mines.

Parties concerned about the possible existence or impact of abandoned mines in the vicinity of the Property are advised to retain a State-licensed geotechnical consultant to study the site and issue a report. Other sources of information include, but are not limited to, the State Office of Mine Reclamation at (916) 323-9198 (website: <http://www.conservation.ca.gov/OMR>), and the Engineering, Planning or Building Departments in the subject City and County.

FOR MORE INFORMATION: For more information visit the State Office of Mine Reclamation's website at: http://www.conservation.ca.gov/omr/abandoned_mine_land/Pages/index.aspx

OIL & GAS WELL ADVISORY

California is currently ranked fourth in the nation among oil producing states. Surface oil production is concentrated mainly in the Los Angeles Basin and Kern County, and in districts elsewhere in the state. In recent decades, real estate development has rapidly encroached into areas where oil production has occurred. Because the state's oil production has been in decline since the 1980's, thousands of oil and gas wells have been shut down or abandoned, and many of those wells are in areas where residential neighborhoods now exist.

According to the California Department of Conservation ("DOC"), to date, about 200,000 oil, gas, and geothermal wells have been drilled in California and around 102,000 are still in use. The majority of remaining wells have been sealed ("capped") under the supervision of the DOC's Division of Oil, Gas and Geothermal Resources. A smaller number have been abandoned and have no known responsible operator -- these are called "orphan" wells. The state has a special fund that pays the cost of safely capping orphan wells, however, that program is limited in its scope and progress.

Buyer should be aware that oil and gas wells, which may include orphan wells, exist in SAN FRANCISCO County. Health and safety hazards may be associated with oil and gas wells, whether orphan, capped or active, including, but not limited to, soil and groundwater contamination, oil and methane seeps, fire hazards, air quality problems, and physical safety hazards to humans and animals.

For More Information

For a search of the state's databases of oil and gas wells and sites of known environmental contamination on or near the Property, please obtain the JCP-LGS Residential EnviroCheck Report™. For general information, visit the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources at <http://www.consrv.ca.gov/dog/>



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TSUNAMI MAP ADVISORY

DISCUSSION: The California Emergency Management Agency (CalEMA), the University of Southern California Tsunami Research Center (USC), and the California Geological Survey (CGS) have prepared maps that depict areas of maximum tsunami inundation for all populated areas at risk to tsunamis in California (20 coastal counties). The maps were publicly released in December 2009 with the stated purpose that the maps are to assist cities and counties in identifying their tsunami hazard and developing their coastal evacuation routes and emergency response plans only.

These maps specifically contain the following disclaimer:

Map Disclaimer: This tsunami inundation map was prepared to assist cities and counties in identifying their tsunami hazard. It is intended for local jurisdictional, coastal evacuation planning uses only. This map, and the information presented herein, *is not a legal document and does not meet disclosure requirements for real estate transactions nor for any other regulatory purpose.* The California Emergency Management Agency (CalEMA), the University of Southern California (USC), and the California Geological Survey (CGS) make no representation or warranties regarding the accuracy of this inundation map nor the data from which the map was derived. Neither the State of California nor USC shall be liable under any circumstances for any direct, indirect, special, incidental or consequential damages with respect to any claim by any user or any third party on account of or arising from the use of this map.

A tsunami is a series of ocean waves or surges most commonly caused by an earthquake beneath the sea floor. These maps show the maximum tsunami inundation line for each area expected from tsunamis generated by undersea earthquakes and landslides in the Pacific Ocean. Because tsunamis are rare events in the historical record, the maps provide no information about the probability of any tsunami affecting any area within a specific period of time.

Although these maps may not be used as a legal basis for real estate disclosure or any other regulatory purpose, the CGS has, however, provided diagrams of the maps online which the public can view. To see a maximum tsunami inundation map for a specific coastal community, or for additional information about the construction and/or intended use of the tsunami inundation maps, visit the websites below:

State of California Emergency Management Agency, Earthquake and Tsunami Program:
<http://myhazards.calema.ca.gov/>

University of Southern California –Tsunami Research Center:
<http://www.usc.edu/dept/tsunamis/2005/index.php>

State of California Geological Survey Tsunami Information:
http://www.conservation.ca.gov/cgs/geologic_hazards/Tsunami/index.htm

National Oceanic and Atmospheric Agency Center for Tsunami Research (MOST model):
<http://nctr.pmel.noaa.gov/time/background/models.html>



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METHODS AND LIMITATIONS

This section will summarize (a) the methods used in creating this Report, (b) the limitations with respect to the determination and the Public Record, and (c) the responsibilities and liabilities of JCP-LGS under this Report. Please read this section to fully understand the limitations of this Report and JCP-LGS's responsibilities.

A. LIMITATIONS ON PUBLIC RECORD INFORMATION AND THIS REPORT

JCP-LGS has accurately reported the information in the Public Records with respect to the Property as of the Report Date. With respect to the Public Records, it is important to understand that:

- The Public Records may not be accurate, current, fully detailed, or complete.
- A parcel of real property may be affected by hazards that have not been identified in the Public Records.
- There may be other governmental Public Records with relevant information which are not included in this Report.
- JCP-LGS does not make any representations as to:
 - The significance or extent of any hazard disclosed.
 - Any related health or risk of the hazard to humans or animals or how they may affect the Property.
 - The drinking water sources for the Property.
 - Any information regarding the Property after the Report Date.

B. REPORTING STANDARDS

The Reporting Standards utilized by JCP-LGS in making each determination are specified in the Disclosure Explanations (Sections 1 through 3, inclusive) of this Report. If the Property is near the state border, hazards which may be in the adjoining state or nation are not disclosed in this Report. Where appropriate, JCP-LGS may use the assessor's rolls, cadastral-type maps, photographic enlargements of maps and various cartographic techniques to locate the site on the appropriate map. The respective determination is made as accurately as reasonably possible using these maps. For purposes of defining property lines, the assessor's parcel number and parcel maps are used. Any errors in the assessor's rolls may affect the determination procedures. If the Public Record is not of sufficient accuracy or scale that a reasonable person can determine if the Property is within a delineated hazard area or zone, "IN" or "YES" will be reported for the corresponding disclosure.

If the Property is situated within a condominium project or planned unit development, and if the Property has an undivided fee interest in the common area of said project or development, "IN" or "YES" will be reported for the corresponding disclosure if any portion of that common area is situated within the specified hazard area or zone, *even if the primary lot comprising the Property is not directly affected by that hazard area or zone.* If "IN" or "YES" is reported, the association or owner of such a project or development should be contacted to determine if adequate liability insurance is in place for such hazard(s). Likewise, "IN" or "YES" will be reported if the Property is situated within a mobile home park and if any portion of that park is situated within a specified hazard area or zone, even if the primary lot comprising the Property is not directly affected by that hazard area or zone.

C. NOT AN INSPECTION REPORT

JCP-LGS does not perform a physical examination or any testing of the Property. This Report only provides information electronically derived from the specific Public Record identified for each disclosure in the Disclosure Explanation (Sections 1 through 3, inclusive) of this Report. This Report should not be considered a substitute for an on-site environmental and/or geological or engineering assessment. If additional information is desired, the Parties are encouraged to investigate other sources and to consult an environmental expert, a geologist, an engineer or other expert.

D. CHANGES TO PUBLIC RECORD AFTER REPORT DATE

The Parties are advised that the Public Records may change after the Report Date and JCP-LGS is not responsible for advising the Parties of any changes to the determinations that may occur after the Report Date. As a courtesy, JCP-LGS will update this Report at no cost during the transaction process for which this Report was issued, if requested.



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E. ONLY THE PARTIES MAY RELY ON THIS REPORT

This Report is valid, the Parties may rely on the Report, and a contract is formed with JCP-LGS, only upon receipt by JCP-LGS of payment of the full price of the Report. This Report may be relied upon only by the Parties to the transaction for which it has been purchased. This Report cannot be relied upon (a) by any persons other than the Seller, the Buyer and their Agents, (b) for any other real property, (c) for any future transactions involving the Property, or (d) for any real property which is not 1-4 family residential property. The price paid for the Report does not include any amounts for protection of such other parties.

F. ERRORS AND OMISSIONS INSURANCE

JCP-LGS maintains errors and omissions insurance. As of the Report Date, JCP-LGS has \$20M aggregate in errors and omissions insurance.

G. LIMITATIONS ON JCP-LGS'S LIABILITY

JCP-LGS is not responsible for:

- Any inaccuracies or incompleteness of the information in the Public Records.
- Inaccurate address information provided for the Property.
- Any other information not contained in the specified Public Records as of the Report Date.
- Any information which would be disclosed by a physical inspection of the Property.
- Any information known by one of the Parties.
- The health or risk to humans or animals that may be associated with any of the disclosed hazards.
- The costs of investigating or remediating any of the disclosed hazards.

This Report is not an insurance policy and does not provide the same protections as an insurance policy. The price of this Report has been established with the understandings of the responsibilities of JCP-LGS as set forth in this Section. The premium for an insurance policy would be significantly greater than the cost of this Report. The Parties acknowledge that claims for damages beyond actual losses can significantly increase the costs of Reports and make prompt resolution of claims more difficult. In order to induce JCP-LGS to provide this Report for the price charged, and to help streamline the process of resolving any disputes between the Parties and JCP-LGS, the Buyer, Seller and Agents agree that if there is a material error or omission in this Report:

- The Party who suffers damages as a result of such error or omission shall be entitled at most to recover from JCP-LGS the actual proved damages measured by the difference in the fair market value of the Property as of the Report Date, caused by the error or omission but not in excess of sale price of the Property to the Buyer. The Party making such claim must notify JCP-LGS promptly of such claim, take no action which will adversely affect JCP-LGS's liability or defenses to such claim and the Party must fully cooperate with JCP-LGS in the defense of such claim. The Party shall cooperate with providing reasonable evidence of the claim as requested by JCP-LGS.
- JCP-LGS shall not be liable for indirect, consequential, personal injury, physical damage or punitive damages (including, but not limited to, emotional distress or pain and suffering).
- JCP-LGS will defend the Parties regarding a claim made in accordance with the foregoing provisions. JCP-LGS shall have the right to choose the legal counsel and control the defense of such claim as it reasonably determines.
- JCP-LGS shall be subrogated to all rights of the claiming Party against anyone including, but not limited to, another Party who had actual knowledge of a matter and failed to disclose it to the other Parties in writing prior to the Sale Date.

H. SELLER AND SELLER'S AGENT'S RESPONSIBILITY OF FULL DISCLOSURE

Sellers of real property and their agents should always fully disclose all material facts regarding the real property which they are selling. Regardless of the information in this Report, if Seller or Seller's Agent has any actual knowledge of hazards potentially affecting the Property, that information should be promptly disclosed in writing to the Buyer and the Buyer's Agent.