

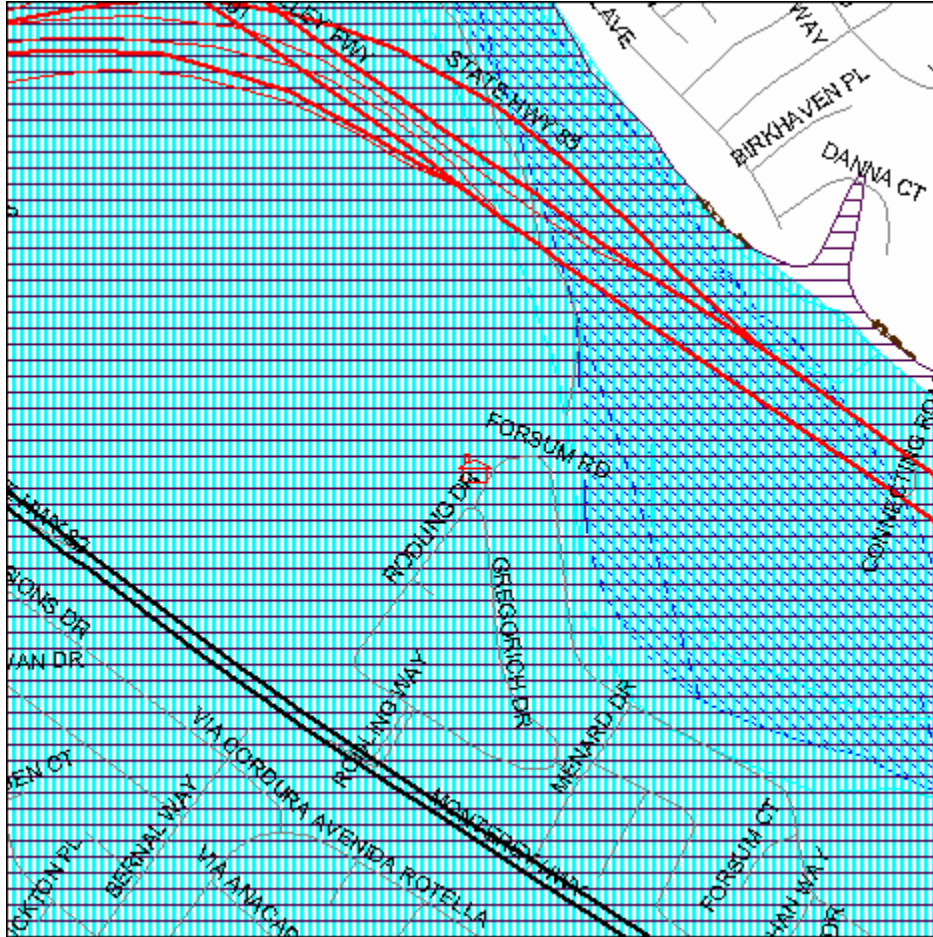
JCP Property Disclosure | MAP COVER PAGE

Natural Hazard Disclosure Report



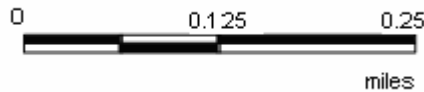
Property Address: 6940 GREGORICH DRIVE APT F,
SAN JOSE, SANTA CLARA County, CA

APN: 678-77-046
Report Date: 11/07/2007
Report Number: 186925



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. Thank you for choosing First American Natural Hazard Disclosures to provide this important information to you!

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.



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Statutory Natural Hazard Disclosure Statement

The transferor and his or her agent(s) 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 X No _____ 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) _____ Yes (Liquefaction Zone) X

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 Transferor (Seller) _____ Date _____

Signature of Transferor (Seller) _____ Date _____

Signature of Agent _____ Date _____

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) Scott Roecklein, Sr. Vice President Date 11/07/2007 Rept. No. 186925
JCP Property Disclosure Reports

Transferee represents that he/she has read and understands this document. I (We) also have read and understand the added local hazard, airport, military ordinance, commercial zoning, BCDC disclosure, energy efficiency disclosure, Megan's Law disclosures, as well as the mold, radon, meth lab, and endangered species advisories and the map cover page contained in this Report. Pursuant to Civil Code Section 1103.8, the representations made in this Natural Hazard Disclosure Statement do not constitute all of the transferor's or agent's disclosure obligations in this transaction.

Signature of Transferee(s) _____ Date _____

Signature of Transferee(s) _____ Date _____

ADDITIONAL SIGNATURES REQUIRED – Tax Disclosure Report and EnviroCheck™ Disclosure Report

Statutory Form



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Summary Declaration of Liability Provisions

JCP Property Disclosure Reports ("JCP" or "The Company"), a division of First American Natural Hazard Disclosures LLC and a member of The First American Family of Companies, hereby declares that Recipients of a natural hazard disclosure report issued by a Member Company ("Report") pursuant to California Civil Code §1103 *et seq.* for a transaction are provided the following assurances and protections.

Recipients

- Buyers, Sellers and their respective real estate agents and brokers involved in the sale of the Property for which the Report was issued.

Member Companies

- First American Natural Hazard Disclosures, LLC.
- LGS reports
- JCP Property Disclosure Reports

Protections

All Recipients of a Report shall enjoy the following assurances and protections if their Report contains an error which results in damages as defined in the Report ("Error") upon proper tender of the claim:

- (1) JCP will resolve the claim promptly and in good faith.
- (2) JCP will defend a Recipient against legal action brought against that Recipient as a result of the Error or otherwise resolve the Error without economic loss to the Recipient.
- (3) Recipients will enjoy the benefits of amounts received by JCP from its errors and omissions ("E&O") insurance carrier as a result of the Error.
- (4) To the extent that economic loss resulting from the Error is not paid by the E&O insurance proceeds, JCP shall be liable for any remaining loss.

Recipients are entitled to rely on the provisions of the Report as of the close of escrow for the transaction for which said Report was issued.

By: JCP Property Disclosure Scott Roeklein, Sr. Vice President **Date:** 11/07/2007



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The JCP Report™

Map Cover Page
Statutory Form
Confirmation of Coverage

Parties: The parties for whom this Report was prepared are the owner(s) of the Property on the Report Date ("Seller"), the buyer of the Property under contract of sale as of the Report Date ("Buyer") and their respective licensed real estate agents ("Agents"). Seller, Buyer and the Agents are sometimes referred to herein as "Party" or "Parties."

CONTENTS

This Report includes (i) a Statutory Form, (ii) a Determination Summary and Index (following page) showing the disclosure determinations specific to the Property provided in detail in Sections 1 through 3, inclusive, and (ii) the Methods and Limitations (Section 4). This Report is not complete if any one of these components is missing. Additional information may also be included after Section 4 in the form of addendums which are provided as an accommodation and are not an official part of this Report.

SECTION	TITLE	PURPOSE
	Statutory Form SIGNATURES REQUIRED	The Statutory Form as required by California Civil Code § 1103 (the "Law")
	Determination Summary	Summary of all determinations for the Property.
1.	Statutory Determinations and Discussion Summary	The statutory disclosures applicable to the Property as required by California Civil Code § 1103 (the "Law").
2.	County & City Determinations and Discussion Summary	County and city level disclosures.
3.	Other Disclosures and Advisories	Additional disclosures specific to the Property and important advisories and notices dealing with potential general concerns related to home ownership in California but not specific to the Property.
4.	Methods and Limitations (IMPORTANT)	A summary explanation of the methods used to make the disclosure determinations and limitations on liability.

THIS IS A PUBLIC RECORD REPORT ONLY: This Report only provides information concerning the Property derived from the Public Records identified in this Report. While JCP has made good faith efforts to report from the Public Records as accurately as possible, the quality, accuracy, and currency of the information contained in these Public Records can vary greatly. For more information regarding a specific disclosure and the related Public Record, please read Sections 1 through 3, inclusive, of this Report.

NOT AN INSPECTION REPORT: This Report is not the same thing as a physical inspection report nor a full environmental or geological assessment report. JCP has not physically inspected the Property. This Report only summarizes the information from the specified Public Records.

LIABILITY PROTECTIONS: Upon consummation of the sale of the Property to Buyer ("Sale Date"), the Parties involved in that sale are protected against loss caused by any error in this Report as specified in the section below entitled "Methods and Limitations."



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NOT AN INSURANCE POLICY: This Report is a binding contract but is not an insurance policy. The price charged for the Report does not cover the costs that would be necessary to provide all of the protections of an insurance policy.

DETERMINATION SUMMARY

This Report discloses the results of a review of specified officially adopted maps and other government records ("Public Records") containing the information applicable to the Property. For a detailed explanation as to the meaning of each of the disclosures and the reporting standards used to make the determinations, please refer to the Disclosure Explanations in the specific Section and Page as indicated.

SUMMARY AND INDEX OF DISCLOSURES AND ADVISORIES

*For a complete explanation of the disclosures summarized below,
please refer to the sections and pages indicated.*

SECTION 1 SUMMARY

State Level Statutory Zone Disclosures		<u>Determination</u>	
Flood	A SPECIAL FLOOD HAZARD AREA	NOT IN	See Section 1 Page 1
	AN AREA OF POTENTIAL FLOODING	IN	See Section 1 Page 1
Fire	A VERY HIGH FIRE HAZARD SEVERITY ZONE	NOT IN	See Section 1 Page 2
	A WILDLAND FIRE AREA (SRA)	NOT IN	See Section 1 Page 2
Seismic	AN EARTHQUAKE FAULT ZONE	NOT WITHIN	See Section 1 Page 2
	A SEISMIC HAZARD LANDSLIDE ZONE	NOT IN	See Section 1 Page 3
	A SEISMIC HAZARD LIQUEFACTION ZONE	IN	See Section 1 Page 3

* N/A = The map is not yet released by the State.

SECTION 2 SUMMARY

County Level Zone Disclosures			
	FAULT	NOT WITHIN	See Section 2 Page 1
	LANDSLIDE	NOT IN	See Section 2 Page 1
	LIQUEFACTION	IN	See Section 2 Page 1
	COMPRESSIBLE SOILS	NOT IN	See Section 2 Page 1
	DIKE FAILURE	NOT IN	See Section 2 Page 1



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City Level Zone Disclosures

FAULT	CITY FAULT ZONE	See Section 2 Page 3
LANDSLIDE	LEAST TO MODERATE	See Section 2 Page 3
SAN JOSE REDEVELOPMENT AREA	NOT IN	See Section 2 Page 3
SPECIAL GHSA	NOT IN	See Section 2 Page 3

SECTION 3 SUMMARY

OTHER DISCLOSURES, ADVISORIES AND TERMS AND SERVICES

Other Zone Disclosures

	<u>Determination</u>	
Commercial/ Industrial LOCATED WITHIN 1 MILE OF A COMMERCIAL OR INDUSTRIAL SITE	IN	See Section 3 Page 1
Military Ordnance FORMER MILITARY ORDNANCE SITE DISCLOSURE	NOT WITHIN	See Section 3 Page 1
Airports AIRPORT INFLUENCE AREA	NOT IN	See Section 3 Page 3
AIRPORT NOISE DISCLOSURE	NOT WITHIN	See Section 3 Page 4
Megan's Law		See Section 3 Page 5
San Francisco Bay Conservation and Development Commission Disclosure	NOT IN	See Section 3 Page 6
California Energy Commission Duct Sealing & Testing	NOT IN	See Section 3 Page 7

Advisories

Methamphetamine Contaminated Property Disclosure Advisory	See Section 3 Page 8
Mold Advisory	See Section 3 Page 8
Radon Advisory	See Section 3 Page 9
Endangered Species Advisory	See Section 3 Page 10
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Additional Addenda

City of San Jose Street Tree Disclosure Form*
***Signatures Required**

See Addendums



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SECTION 1

JCP STATUTORY MAP READING DETERMINATIONS AND DISCUSSIONS SUMMARY

The statutory Natural Hazard Disclosure Statement attached to this Report is completed in accordance with California law which mandates that if any portion of the Property is located within the zone that the form indicate that the Property is "IN" the zone. Below more detailed information is provided to better inform and educate the Parties.

◦ ◦ ◦ SPECIAL FLOOD HAZARD AREA ◦ ◦ ◦

DETERMINATION:

The Property is **NOT IN** a Special Flood Hazard Area. The Property is **IN** a FEMA-designated Flood Zone D. If the property is located in or partially in any Zone A or V, in certain circumstances some lenders may be required by federal law to have homeowners purchase and maintain flood insurance.

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, X or D is available but is not required.

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

For more information about flood zones, visit <http://www.floodsmart.gov/floodsmart/pages/riskassessment/floodzonesdefined.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.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within a Special Flood Hazard Area ("SFHA," defined as any type of Zone "A" or "V" flood zone) as designated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within a SFHA as delineated in the Public Record. **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.

◦ ◦ ◦ AREA OF POTENTIAL FLOODING (DAM FAILURE) ◦ ◦ ◦

DETERMINATION:

The Property is **IN** an area of potential dam inundation.

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



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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.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within an area of potential inundation as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within a mapped area of potential inundation as delineated in the Public Record.

◦ ◦ ◦ VERY HIGH FIRE HAZARD SEVERITY ZONE (VHFHSZ) ◦ ◦ ◦

DETERMINATION:

The Property is Not in a very high fire hazard severity zone.

DISCUSSTION: VHFHSZs can be defined by the California Department of Forestry and Fire Protection ("CDF") as well as 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 .Contact the local fire department for a complete list of requirements and exceptions.

PUBLIC RECORD: Official maps issued by the California Department of Forestry and Fire Protection ("CDF") pursuant to California Public Resources Code § 51178.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within an area of potential inundation as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within a mapped area of potential inundation as delineated in the Public Record.

◦ ◦ ◦ WILDLAND FIRE AREA (STATE RESPONSIBILITY AREA) ◦ ◦ ◦

DETERMINATION:

The Property is Not in a wildland-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 is 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.



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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 there may be significant fire risk or only seasonal fire services. 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 ("CDF") pursuant to California Public Resources Code § 4125.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within a Wildland – State Responsibility Area ("WSRA") as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within a mapped WSRA as delineated in the Public Record.

◦ ◦ ◦ EARTHQUAKE FAULT ZONE ◦ ◦ ◦

DETERMINATION:

The Property is Not in an earthquake fault zone designated pursuant to the Alquist-Priolo Act.

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.

REPORTING STANDARD: "IN" shall be reported if any portion of the Property is located within an Earthquake Fault Zone ("EF Zone") as delineated in the Public Record. "NOT IN" shall be reported if no portion of the Property is located within an EF Zone as delineated in the Public Record.

◦ ◦ ◦ SEISMIC HAZARD MAPPING ACT ZONE ◦ ◦ ◦

DETERMINATION:

IN an area of potential liquefaction designated pursuant to the Seismic Hazard Mapping Act. Not in an area of earthquake-induced landsliding designated pursuant to the Seismic Hazard Mapping Act.

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.

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



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liquefaction-related ground displacement, nor the amount of damage caused by liquefaction. The many factors than control ground failure resulting from liquefaction must be evaluated on a site specific basis.

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.

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.

REPORTING STANDARD: "IN" shall be reported for Seismic Hazard Zone - Area of Potential Liquefaction if any portion of the Property is located within said Area as delineated in Public Record. "NOT IN" shall be reported for if no portion of the Property is within an Area of Potential Liquefaction as delineated in the Public Record. Likewise, "IN" shall be reported for Seismic Hazard Zone - Area of Earthquake-Induced Landsliding if any portion of the Property is located within said Area as delineated in Public Record. "NOT IN" shall be reported for if no portion of the Property is within an Area of Earthquake-Induced Landsliding 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. 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.



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SECTION 2

COUNTY AND CITY NATURAL HAZARD DISCLOSURE STATEMENT

The following natural hazard disclosures are provided to give local-level seismic safety information for the Property. This information may be used by the local jurisdiction relative to making decisions regarding new development or additional construction. The agencies and jurisdictions who develop the official maps do not necessarily define or delineate hazards in the same way. A site can be *in* a hazard zone from one source and *not in* a hazard zone from another source.

SANTA CLARA COUNTY GEOLOGIC AND SEISMIC ZONE

DETERMINATION:

Based on the officially adopted county-level Seismic Safety Element natural hazard maps, the Property is:

This Property is:

- in a county-designated liquefaction hazard zone
- not in a county-designated compressible soils hazard zone
- not in a county-designated dike failure flooding hazard zone
- not in a county-designated landslide hazard zone
- not within a county-designated fault rupture hazard zone

NOTE: If the Property is in a locally mapped hazard zone or if information of concern exists in another source, the Property may require a geologic study prior to any new or additional construction. The disclosures may be material facts that should be disclosed to Buyer in addition to the Statutory Natural Hazard Disclosures. Additional sources of information which are not officially adopted, may be available at the local jurisdiction that are not included in this Report.

SANTA CLARA COUNTY GEOLOGIC ZONES DISCUSSION

The County of Santa Clara, separately from the State and Federal governments, has officially produced or adopted maps to delineate potential geologic and seismic hazards that are recognized at the local level. Those hazard maps are incorporated by reference into the Santa Clara County Code, adopted by the County Board of Supervisors in 2002. The local-level disclosure in this report was based on the following official County map(s) available in digital vector format: "County Geologic Hazard Zones Map," prepared by Santa Clara County Department of Planning (disclosure required by County Ordinance Sec C12-624).

The hazard zones delineated on the above map source, in addition to the statutorily-required State and Federal hazard maps, are typically considered by the County when approving land use and development permit applications under County jurisdiction. Additional maps exist in the General Plan and other maps, including updated versions of the above-referenced map(s), may exist in the files of specific County departments. Those additional map sources were not consulted for this disclosure because parcel-level details cannot be resolved at the scale and quality of the available official map, or the map is inappropriate for application to this report, or the map has not yet been officially adopted and incorporated into the County's Safety Element. As mapping technology advances, this company later may determine that some additional map sources become usable for parcel-level disclosure. The mapped County 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. If a site-specific evaluation is desired, this company recommends that a geotechnical consultant be retained to study the site and issue a report.

The official County-level information addresses the potential geologic and seismic hazards itemized below:

FAULT

The County identifies Fault Rupture Hazard Zones as both "active" and "potentially active" fault zones as well as other faulting-related geologic features. Active faults are known to have experienced fault rupture in the last 11,000 years and are usually seismically active (produce earthquakes periodically). Potentially active faults are not seismically active, and it cannot be definitely proven that these faults have moved in the last 11,000 years. Potentially active faults far outnumber active faults in Santa Clara County. Because potentially active faults are included in the zone description, all Fault Rupture Hazard Zone are not necessarily equal to an Alquist-Priolo Earthquake Fault Zone which only includes active faults.

LANDSLIDE



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Landslide Hazard Zones include areas with a high potential for earthquake-induced landslides. It does not necessarily mean that landslides exist on the property or that landsliding is imminent or probable in the area. It does mean that the designated area has a greater chance of landsliding than properties in flat-lying areas. The County has also included a United States Geological Survey Report and State of California Geologic Survey Earthquake-Induced Landslide Hazard Zones into the zone description. These include areas where there has been a recent landslide, or where local slope, geological, geotechnical, and ground moisture conditions indicate a potential for landslides as a result of earthquake shaking.

LIQUEFACTION

Liquefaction Hazard Zones include areas the State of California Geological Survey has defined as areas where there is a potential for, or an historical occurrence of liquefaction. Liquefaction is a rare soil phenomenon that can occur when loose, water saturated, fine-grained sands and silty sands that lie within 50 feet of the ground surface are shaken in a significant earthquake. The soil temporarily becomes liquid-like and structures may settle unevenly. The County has also included zones of liquefaction susceptibility from a United States Geological Survey Report of soil deposits that may be prone to liquefaction.

COMPRESSIBLE SOILS

Compressible Soils Zones include areas where there is a chance that the ground will settle locally during severe shaking due to the peaty-type soils in these area compressing. Risk of injury is relatively low in these areas as a result of settlement alone.

DIKE FAILURE

Dike Failure Flooding Zones include areas where there is a significant chance of flooding following a large earthquake if the perimeter dike systems of the bay fail.



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CITY OF SAN JOSE GEOLOGIC AND SEISMIC ZONES

DETERMINATION:

Based on the officially adopted city-level Seismic Safety Element natural hazard maps, the Property is:

This Property is:

- in a mapped area of least, low, or low to moderate landslide susceptibility. please see city of san jose regulatory zones discussion for more information.
- in city fault zone for city fault
- in not in for city redevelopment
- in not in for city special geologic study hazard area

CITY OF SAN JOSE REGULATORY ZONES DISCUSSION

The City of San Jose, separately from the County, State and Federal governments, has officially produced or adopted maps to delineate potential hazards such as fault and landslide zones within "Standard" and "Special" Geologic Hazard Study Areas that are recognized at the local level. Those hazard maps are incorporated into "The San Jose 2020 General Plan" (which includes natural hazard issues as an integrated whole rather than in a separate "Seismic Safety Element"). The General Plan was adopted by the San Jose City Council in 1994. The local-level disclosure in this report was based on the following official local map(s): "City of San Jose Fault Hazard Maps" (a part of the General Plan).

In addition, the City of San Jose has officially designated, by ordinance or other Council action, zones and policies including "Strong Neighborhood Initiative Areas," redevelopment areas, and a residential "Street Tree" maintenance requirement. By local ordinance, the City of San Jose requires disclosure of these geologic hazard zones, neighborhood and redevelopment areas, and street tree requirements to potential buyers of real property.

The hazard zones delineated on the above map source, in addition to the statutorily-required State and Federal hazard maps, are typically considered by the City when approving land use and development permit applications under City jurisdiction. Additional maps exist in the General Plan and other maps, including updated versions of the above-referenced map(s), may exist in the files of specific municipal departments. Those additional map sources were not consulted for this disclosure because parcel-level details cannot be resolved at the scale and quality of the available official map, or the map is inappropriate for application to this report, or the map has not yet been officially adopted and incorporated into the City's Safety Element. As mapping technology advances, this company later may determine that some additional map sources become usable for parcel-level disclosure. The mapped City hazard zones may have been compiled from multiple sources of differing quality and, in some instances, have been generalized and simplified. No special field studies were conducted to verify the information for this subject property. Any specific site within a mapped zone could be at less or more relative risk than is indicated by the zone designation. If a site-specific evaluation is desired, this company recommends that a geotechnical consultant be retained to study the site and issue a report. The risk of exposure can be reduced through appropriate land-use planning, development engineering, and building construction practices.

City vs. County Information: County and city-level information sources are developed independently of each other and do not necessarily define or delineate hazards in the same way. A site can be *in* a geologic hazard zone according to the city and *not in* the corresponding zone according to the county and vice versa. Cities and counties may use other information in addition to their General Plan sources to determine if hazards exist at a site or which sites may require geologic studies prior to new or additional construction. Such information could be a material fact to be disclosed in addition to General Plan information. Such potential sources are not reviewed in this report. To investigate other sources of natural hazard information that may be available and used at the local level, contact the Engineering, Planning or Building Departments in the subject City and County.

The official City-level information addresses the potential natural hazards itemized below:

FAULT

San Jose Fault Hazard Zones: These are areas identified by the State of California and the City of San Jose Department of Public Works that include Alquist-Priolo Earthquake Fault Zones as designated by the California Geological Survey, as well as City Special Studies Zones and City Potential Hazard Zones. These three zones are disclosed in this Report as "City Fault Zones." The City has also identified "Reported Faults" which have been buffered on all sides by one-eighth of one mile and are disclosed in this Report as "Reported Faults." If any portion of the Property is situated within the resulting Reported Fault Zone, or if any portion of the Property is located in one or more City Fault Zones, then "Yes" shall be reported.



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LANDSLIDE & SPECIAL GEOLOGIC HAZARD STUDY AREA

Standard Geologic Hazard Study Area: These are areas identified by the City of San Jose as having a very high, high, or moderate to high landslide susceptibility and are disclosed in this Report as "Moderate to Very High." In most places, these "Standard" areas are equivalent to and replace the old definition of a "Special Geologic Hazard Area" that was used by the City of San Jose prior to the August 23, 1994 updating of their maps. Areas identified by the City as Least, Low, and Low to Moderate are also disclosed in this Report as "Least to Moderate."

Special Geologic Hazard Study Area: A limited zone defined by the City of San Jose that is undergoing a special phased geologic study to define areas that are underlain by active landsliding. New development, grading or building permits for property improvements in this area will take into consideration information from the first phase of the Final Report, Phase 1A Regional Geologic Special Study that has been completed, this report is titled Study of the Special Geologic Hazard Area, this first phase has delineated the following landslide zones within the City of San Jose. Special Geologic Hazard Area:

Zone X - Not within a landslide area. However, the possibility exists of unrecognized landslides in this area.

Zone Y - Not enough information to determine if the area is within or not within a landslide area. These areas could encompass all types of possible landslides, but it could not be determined with the information available in the Phase 1A Study if this was the case.

Zone Z - Within a landslide area, this area encompasses active, recent, and old landslides.

NOTE: Zones X, Y, and Z were determined using air photo analysis and field studies. No distinctions were made as to the size, age, depth or activity of any landslide. If the subject property is located in a "Standard" or a "Special" Geologic Hazard Study Area, or if other geologic information of concern exists in the City's files, a "Certificate of Geologic Clearance" from the Department of Public Works is required prior to any discretionary approval for development or any grading or building permit for improvements to a site. In order to obtain a Clearance for sites within a "Special Geologic Hazard Study Area," the property owner is required to perform a Geologic Evaluation according to City ordinance (Chapter 17.10, Part 6). An "on" or "off-site" geologic study may have been prepared for the site. Such reports are normally available for review in the office of the City's engineering geologist. The preceding information must be disclosed to the buyer by the agent for the seller of the subject property in accordance with Section 10176(a) of the California Business and Professions Code and "Disclosure to Prospective Purchasers," Title 17, Chapter 17.10, Part 9, Section of the City of San Jose Municipal Code.

SAN JOSE REDEVELOPMENT AREAS (Strong Neighborhood Initiative Areas)

The Strong Neighborhoods Initiative (SNI) is a commitment made by the Mayor and the Council to unite with San Jose communities to strengthen City neighborhoods. Strong Neighborhoods is about cleaner, safer neighborhoods and connecting those neighborhoods to resources and to each other. It is listening to San Jose neighborhoods and responding to citywide priorities.

By focusing resources from the City of San Jose, San Jose Redevelopment Agency, private investment, and public-private partnerships, the Strong Neighborhoods Initiative will improve conditions, enhance community safety, and strengthen neighborhood associations.

The Agency, under this Plan, is authorized to develop or otherwise participate in certain publicly owned projects in various neighborhoods as may be determined and approved in accordance with California Redevelopment Law, such as community centers, fire stations, libraries, joint school projects, community gardens, open space and cultural facilities. The Agency also sponsors programs to develop affordable housing and to provide funds to rehabilitate residential and commercial properties, like grants for exterior renovations and roofing.

Industrial Redevelopment Areas were created to encourage the expansion and location of research and development, office, manufacturing, warehouse and commercial uses, attract local jobs, and increase various revenue sources to the city.

Downtown Redevelopment Area is modeled after the San Jose of 1900-1950, a 24-hour city where people lived, worked, and shopped.

Neighborhood Business Districts were created to revitalize, and encourage private investment in, San Jose's older commercial neighborhoods. Enhanced by community involvement, the NBD program tackles parking problems, improves building facades, extends street improvements, modernizes underground utilities, and offers marketing advice to small businesses.

Neighborhood Business Clusters were created to revitalize and increase commercial and residential development to better serve the needs of the neighborhood.

For more information please visit the City web site at <http://www.strongneighborhoods.org/>

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



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SECTION 3

OTHER DISCLOSURES AND ADVISORIES

FORMER MILITARY ORDNANCE SITE DISCLOSURE

DETERMINATION:

The Property is **NOT WITHIN** one (1) mile of a Formerly Used Defense (FUD) site containing military ordnance.

DISCUSSION: California Civil Code §1102.15 requires the seller of residential real property who has actual knowledge of any "Former Ordnance Locations" (former state or federal ordnance locations which have been identified by an agency or instrumentality of the federal or state government as an area once used for military training purposes which may contain potentially explosive munitions) within the "neighborhood area" (defined as within one (1) mile of the residential real property) to give written notice of that knowledge to buyer as soon as practicable before transfer of title.

Besides former military sites which may have contained ordnance, other sites can include sites with industrial waste (such as fuels), ordnance or other warfare materiel, unsafe structures to be demolished, or debris for removal. California Civil Code §1102 only 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. Only those FUD sites that the USACE has identified to contain Military Ordnance or have mitigation projects planned for them are disclosed in this Report.

NOTE: Active military bases are NOT eligible FUD Sites; however, portions of currently active facilities that were previously operated or owned by DOD may be reported. In some rare cases the Public Record may not effectively differentiate those divested Sites and may as a result include the currently operated facility within the study area for that Site.

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: "IN" shall be reported if one or more facility identified in the Public Record is situated within a one (1) mile radius of the Property. The name of that facility shall also be reported. "NOT IN" shall be reported if no facility identified in the Public Record is situated within a one (1) mile radius of the Property.

COMMERCIAL OR INDUSTRIAL ZONING DISCLOSURE

DETERMINATION:

The Property **IS** within one (1)-mile of a parcel of real property that is zoned for industrial or commercial use.

DISCUSSION: Pursuant to California Civil Code §1102.17, the seller of residential real property who has actual knowledge that his/her property is affected by or zoned to allow commercial or industrial use (as defined in California Code of Civil Procedure § 731a) shall give written notice of that knowledge to the buyer as soon as practicable before transfer of title. The Code of Civil Procedure § 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."



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The "Commercial/Industrial Zoning Disclosure" made in this Report DOES NOT purport to determine whether the 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 Property.

The disclosure in this Report only identifies if a parcel of real property exists within one (1) mile of the Property that is zoned to allow for commercial or industrial use. It is very common that the vicinity around a home will have 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: "IN" shall be reported 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. Please note that an airports facility that may be classified as public use facility in the Public Record will be reported as "commercial/industrial" in this disclosure. "NOT IN" shall be reported if no property classified by Public Record as "commercial," "industrial," or "mixed use" is situated within a one (1) mile radius of the Property.



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AIRPORT INFLUENCE AREA DISCLOSURE

DETERMINATION:

The Property is **NOT IN** an officially-designated Airport Influence Area (AIA) and is **NOT WITHIN** two (2) statute miles of an airport for which no AIA has been officially designated.

DISCUSSION:

Certain airports are not disclosed in this Report. JCP has made a good faith effort to identify the airports covered under California Civil Code §1102.6a(d). Most facilities for which an Airport Influence Area (also referred to as an "Airport Referral Area") has been designated are included on the "California Aeronautical Facilities, Airports & Heliports, (FAA) 5010 Airport Master Records" 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 Master Records 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 included in materials provided by the ALUC or other designated government body. **If Seller has actual knowledge of an airport in the vicinity of the Property that is not disclosed in this Report, and that information is material to the Property, Seller should disclose such information in writing to Buyer.**

NOTE: Proximity to an airport does not necessarily mean that a property is exposed to significant aviation noise levels. Alternatively, there may be properties exposed to aviation noise that are more than two (2) miles from an airport. Factors that affect the level of aviation noise can include weather, aircraft type and size, frequency of aircraft operations, airport layout, flight patterns or nighttime operations. 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

DETERMINATION:

The Property IS NOT within a delineated 65 dB CNEL or greater aviation noise zone.

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.

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 receives the updated maps within the schedule set by JCP. JCP 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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REGISTERED SEX OFFENDER DATABASE DISCLOSURE ("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.

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.

According to current records the local law enforcement department phone number is (408) 277-8900.

San Jose "High Risk" Sex Offender Disclosure

Additional data on persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code can be found on the website of the San Jose Police Department at www.sjpd.org.

The following are the law enforcement departments in the county where the Property is located which are REQUIRED to make information available:

Santa Clara County Sheriff's Department	(408) 299-2211
San Jose Police Department	(408) 277-8900

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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SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION DISCLOSURE

*(Applicable Only in Alameda, Contra Costa, Marin, Napa,
San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties)*

DETERMINATION:

Based on certain mapped coastal zones determined by the San Francisco Bay Conservation and Development Commission (BCDC), the following determination can be made:

The Property is NOT IN the jurisdiction of the San Francisco Bay Conservation and Development Commission, as defined in Section 66620 of the Government Code.

NOTE: The official BCDC jurisdictional maps issued by the BCDC are electronic documents generally of low resolution and poor quality. As defined by the BCDC, its jurisdiction spans a complexity of ever-changing geographic and topographic environments including: (1) tidal areas of San Francisco Bay; (2) a 100-foot-wide shoreline band that extends inland from the upper edge of the BCDC's San Francisco Bay jurisdiction; (3) certain named waterways that empty into San Francisco Bay; (4) salt ponds adjacent to the Bay; and (5) certain managed wetlands as well as the Suisun Marsh. The BCDC-issued maps are not adequate for determining confidently the proximity of the BCDC-defined jurisdictional boundaries to nearby parcels. Therefore, all parties in the transaction are advised that there is some uncertainty inherent in the "NOT IN" determination made above.

DISCUSSION: As of July 1, 2005, Civil Code §103.4 mandates disclosure to buyers of certain real estate if that property is located within the jurisdictional boundaries of the BCDC. 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 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

Based on certain climate zone maps issued by the California Energy Commission, the following determination is made:

DETERMINATION: The Property is NOT IN a designated climate zone in which properties are usually subject to duct sealing and testing requirements set forth by the California Energy Commission.

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.



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

Property Address: 6940 GREGORICH DRIVE APT F, **APN:** 678-77-046
SAN JOSE, SANTA CLARA County, CA **Report Date:** 11/07/2007
("Property") **Report Number:** 186925

ADVISORIES

METHAMPHETAMINE CONTAMINATED PROPERTY DISCLOSURE ADVISORY

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

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) 540-2476.

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 Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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RADON ADVISORY

For its Radon Advisory, JCP 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'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 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*.



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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ENDANGERED SPECIES ACT ADVISORY

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.

For Northern California visit:

http://www.fws.gov/sacramento/es/spp_lists/auto_list_form.cfm

For Southern California visit:

http://www.fws.gov/carlsbad/CFWO_Species_List.htm



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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SECTION 4

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 under this Report. Please read this section to fully understand the limitations of this Report and JCP's responsibilities.

A. LIMITATIONS ON PUBLIC RECORD INFORMATION AND THIS REPORT

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



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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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, **only** upon receipt by JCP 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 maintains errors and omissions insurance. As of the Report Date, JCP has \$20M aggregate in errors and omissions insurance.

G. LIMITATIONS ON JCP'S LIABILITY

JCP 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 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 to provide this Report for the price charged, and to help streamline the process of resolving any disputes between the Parties and JCP, 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 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 promptly of such claim, take no action which will adversely affect JCP's liability or defenses to such claim and the Party must fully cooperate with JCP in the defense of such claim. The Party shall cooperate with providing reasonable evidence of the claim as requested by JCP.**
- **JCP 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 will defend the Parties regarding a claim made in accordance with the foregoing provisions. JCP shall have the right to choose the legal counsel and control the defense of such claim as it reasonably determines.**
- **JCP 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.



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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I. OTHER AGREEMENTS

This Report sets forth the complete, integrated agreement between JCP and the Parties. Evidence of prior or contemporaneous statements, representations, promises or agreements shall not be admissible to vary the terms of this written agreement. This agreement may not be changed or amended except by a written document signed by an authorized representative of JCP and the Parties. In the event that any dispute arises between JCP and any Parties arising out of or relating to this Report or its subject matter, or any act or omission of JCP, the prevailing party shall be entitled to recover his, her or its reasonable costs, including attorneys' fees, from the losing party.



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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CITY OF SAN JOSE STREET TREE DISCLOSURE FORM

The City of San Jose ("City") requires the seller or transferor of residential real property ("Property") in the City to disclose to the acquirer of the Property whether the Property fully complies with the City's requirements to have, maintain and if necessary, replace street trees pursuant to the San Jose Municipal Code ("SJMC").

13.28.195 Disclosure Obligations Upon Sale or Transfer of a Residential Real Property

- A. Not less than seven (7) business days before the sale or other transfer of residential real property concludes a selling or transferring property owner must disclose to the acquiring property owner, on a disclosure form provided by the City, whether the residential real property to be sold or transferred fully complies with the City's street tree maintenance and replacement requirements of Sections 13.28.130.B and 13.28.190.
- B. If the selling or transferring property owner cannot determine whether street trees located on the residential property are substantially in compliance with the approved development permits for the property, or the property's approved development permits are inconclusive as to the requirements for the presence and location of street trees on the property, then the following requirements for the planting and presence of street trees shall apply:
 - 1. The property must have one (1) street tree for any adjacent street if it is an interior lot and at least three (3) street trees if it is a corner lot, unless otherwise modified by the Director in the interest of public safety.
 - 2. If the current General Plan requirements for street trees on the property differ from the requirements specified in Subsection B.1, then the current General Plan requirements shall govern the number and location of street trees required on the property at the time of sale or transfer. If the property meets the General Plan requirement, then the selling property owner must indicate such compliance with the General Plan on the disclosure to the acquiring property owner.
 - 3. All street trees shall be planted in accordance with the requirements of Section 13.28.070.
- C. Upon a written request, the Director may grant the selling or transferring property owner an exemption in writing from the requirements of this Section if the Director determines in the interest of public safety that planting and maintaining street trees on the residential property at the time of sale or transfer is not appropriate. Such an exemption does not run with the land and shall not allow any deviations from the disclosure requirements upon residential real property sales or transfers for future sellers or transferors.

To the best of my/our knowledge but without any investigation, I/WE, _____ disclose that the street tree(s) on the Property to be sold or transferred and located at San Jose, CA _____ are in the following condition:

- 1. The property fully complies with the street tree requirements outlined in the SJMC
- 2. The property does not have the required number of street trees as required by the SJMC.
- 3. The property has the required number of street trees but the street trees have not been maintained as required by the SJMC.
- 4. Seller/Transferor is unaware if the requirements to have and maintain street trees on the Property have been met.

Property Address: _____ San Jose, Santa Clara County, CA _____

Seller _____
Signature(s) Print name(s) Date

The undersigned hereby acknowledges receipt of a copy of this document.

Buyer _____
Signature(s) Print name(s) Date



JCP Property Disclosure Reports The JCP Natural Hazard Disclosure Report FOR SANTA CLARA COUNTY

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About the City of San José Street Tree Ordinance

Two changes to San José's Street Tree Ordinance took effect in August 2003 that affect all San José property owners. Street trees are along the street, usually between the curb and sidewalk, and it is the responsibility of property owners to maintain street trees adjacent to their property.

Tree Pruning

The first change allows pruning of street trees without a permit, if the property owner uses a tree service company that has registered with the City of San José Department of Transportation. Companies that have registered with the City agree to abide by the City's tree pruning standards. A list of currently registered tree companies can be obtained by calling the City Arborist Office at (408) 277-2762, or by accessing the link on the City of San José website at: www.ci.san-jose.ca.us/dot/tl_treepermits.htm. A trimming permit is not required when addressing an immediate dangerous public safety condition involving a tree. The City Arborist Office, however, does need to be notified of such emergency pruning work within two business days.

Seller Disclosure Requirement

The second change to the ordinance requires a disclosure when residential property within San José is sold. San José requires street trees in the public right of way. For corner lots, the standard is a minimum of three street trees, while for interior lots between the corners of a block the standard is at least one tree in the right-of-way. Along with other disclosures that are made during the sale, the seller must disclose to the buyer the status of the property's compliance with the street trees requirement.

If the property owner feels that, for reasons of public safety, there are conditions that may prevent the planting of any of these trees, the property owner can contact the City Arborist Office at (408) 277-2762 to have the situation evaluated.

The City of San José's office called "Our City Forest" is a one-stop resource for residents to obtain planting permits, information about the types of street trees, and planting materials, including trees, stakes and root barriers. Our City Forest also provides planting assistance, if needed, as well as information on proper watering and tree care methods. For more information, contact Our City Forest at (408) 998-7337. Street tree planting permits are also available from the City Arborist Office.

Residents having questions about changes to the Street Tree Ordinance should contact the City of San José Department of Transportation Arborist Office at (408) 277-2762.

(Information provided by the City of San José, California)

2006/07 STATUTORY PROPERTY TAX REPORT

Special Assessment and Special Tax Disclosure

<p>Parcel Number: 678-77-046</p> <p>Property Address: 6940 Gregorich Drive Apt F, San Jose, Ca 95138</p> <p>County: Santa Clara</p> <p>Report Date: 11/7/2007</p>	<p>The information contained in this report is intended for the exclusive benefit and use of the recipient(s). No person other than the recipient(s) should rely upon, refer to, or use this report, or any information contained within this report, for any purpose. The recipient(s) should carefully read the explanation of services, and the conditions and stipulations contained in this report. No recipient may rely on this report unless full payment for it is made.</p>
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This report satisfies the Seller's obligation to disclose Mello-Roos taxes and 1915 Act assessments affecting this property pursuant to Civil Code Section 1102.6b, and is compliant with all provisions of Senate Bill 1122 and Assembly Bill 337.

CONTENTS

The following report contents meet or exceed the legal disclosure standards defined in California Civil Code Section 1102.6b:

- *Buyer's Acknowledgement Summary (Signature Required)*
- *Special Assessment Summary*
- *Seller's Secured Tax Bill Summary*
- *Statutory Notice of Special Tax/Assessment*
- *Other Special Assessments*
- *Accelerated Foreclosure Summary*
- *Available Senior Exemptions*
- *Notice of Supplemental Property Tax Bill*
- *Property Tax Estimator and Supplemental Tax Bill Estimator*
- *General Information about Your Property Tax Bill*

Buyer's Acknowledgement Summary

The information contained in this report is subject to the terms and conditions contained herein.

I (we) acknowledge that I (we) have received and read a copy of this notice. If this property is listed as subject to a Mello-Roos community facilities district special tax or a 1915 Bond Act assessment, I (we) understand that I (we) may terminate the contract to purchase or deposit receipt after receiving this notice from the owner or agent selling the property. If this property is listed as subject to a Mello-Roos community facilities district special tax or a 1915 Bond Act assessment, the contract may be terminated within three days if the notice was received in person or within five days after it was deposited in the mail by giving written notice of termination to the owner or agent selling the property.

Buyer Signature: _____ Date: _____

Buyer Signature: _____ Date: _____

Special Assessment Summary

This is a notification to you prior to your purchasing this property.

Parcel Number: 678-77-046
Property Address: 6940 Gregorich Drive Apt F, San Jose, Ca 95138
County: Santa Clara
Report Date: 11/7/2007

The above referenced property is affected by general property taxes (called ad valorem taxes), which are based on the net assessed value of your property. The ad valorem tax is charged to every taxable property in the state and is set at 1% of the net value of property each year. This basic tax rate may be increased slightly over 1% by voter approved bond issues for your school district, city or other regional project.

In addition, the above referenced property lies within the following special tax and/or special assessment districts. These assessments and taxes will be taxed in addition to ad valorem taxes each year:

STATUS	DESCRIPTION OF TAX CATEGORY -
YES	One or more Mello-Roos Community Facilities Districts
NO	One or more 1915 Bond Act Assessment Districts
YES	Other special financing districts
YES	Other direct assessments

The following disclosure is made by the Transferor pursuant to Government Code §53341.5 and Civil Code §1102.6b. The representations made in this disclosure report are based on information provided by an independent third party report provided as a substituted disclosure pursuant to California Civil Code §1103.4. Neither the Transferor nor the Transferor's agent(s) has 1) independently verified the information contained in this report, or 2) is personally aware of any errors or inaccuracies in the information contained in this form.

Report Terms and Conditions

This report for the property named herein is a product of Alliant Tax Research, Inc. (hereafter, "Alliant") and is distributed by First American NHD. The terms and conditions listed below represent the terms and conditions under which this product is sold: The purpose of this report is to provide a determination of whether the current secured property tax bill for this parcel contains a Mello-Roos special tax or a 1915 Act Bond Assessment District charge, and to assist the Seller in fulfilling his or her duty to comply with California Civil Code §1102.6b. This report is not a substitute for a title report or title insurance and may not be relied upon as such. Items not yet levied on the tax bill, items not appearing on the current tax bill, and items removed from the current tax bill for any reason may not be reflected on this report. Estimates of future charges, if provided, are only estimates and may not be inclusive. This report is for the exclusive benefit of the specific Buyer and specific Seller for which this report was prepared and there shall be no third party beneficiaries. This report may not be used in any subsequent transaction affecting the subject property. This report is applicable to residential property only with four dwelling units or less. This report may not be relied upon for commercial or industrial property or for multi-family properties of more than 4 dwelling units.

While this report contains data gathered from what Alliant believes to be reliable sources, the amount of the levy and end year may be subject to change in the future. The Maximum Tax amount provided is an estimate, calculated based on available County assessor data or third party data. Calculations may vary from those calculated by the issuer, due to several factors including differences in interpretation of the Special Tax Formula, availability of data, and change or correction of classification from year to year. Items not included on the current year tax bill but shown on this report represent an estimate and are not intended to be comprehensive. Other taxes and assessments may exist that are not yet levied on the tax bill or not levied during the tax year on the report. This report was compiled using information obtained from the County on a given date and may not reflect changes made later by the County or the local government agencies levying charges against this property. This information is subject to change and Alliant does not have a duty to update the report for any tax bill, legislative or related changes that may occur in the future. This report was prepared based upon records provided by various governmental agencies and third parties. Alliant has assumed that these agency records are accurate and complete, but Alliant has not conducted any independent verification of their accuracy or completeness. Alliant shall not be responsible for any inaccuracies or omissions in the public records of the various governmental agencies or for information provided by third parties.

Seller's Secured Tax Bill Summary

Parcel Number: 678-77-046
Property Address: 6940 Gregorich Drive Apt F, San Jose, Ca 95138
County: Santa Clara
Assessor's Phone #: (408) 299-5500; Tax Collector's Phone #: (408) 808-7900
Report Date: 11/7/2007

Important Tax Year Note: Please note that while the 2007/08 Tax Year is now in effect, secured tax bills are normally not printed and mailed by the County until later in the year. Also there is a lag time of several weeks when each county releases tax data to data providers. Consequently this report reflects only 2006/07 tax bill information at this time. The new tax bill information will not be reflected on this report until the data is made available and this report is marked 2007/08. Please contact the county and refer to your title report for more updated information until this report reflects the new information.

The following listing is a summary of the current year secured property tax bill. It is provided for informational purposes only. Ad valorem taxes are calculated annually based on the assessed value of the land and improvements. When a property is sold, the assessed values will be reset to the sale price. Ad valorem taxes can therefore change dramatically if the sales price differs from the current assessed value of the property.

Please Note: All information on this page is based on 2006/07 data only. Ad valorem taxes are historical and are subject to change when a home sells. No warranties are made regarding this information. The information on this page is not provided as a disclosure by seller or his/her agents.

Ad Valorem Taxes (Note: Historical only, based on the seller's tax bill)

The following include both the basic levy authorized by Proposition 13, plus any additional voter approved general obligation debt. The amount you pay will be based on the purchase price of your home less any exemptions, times the estimated tax rate.

Agency	Levy Description	Contact Phone	2006/07 Levy
County of Santa Clara	Ad Valorem Tax Total ad valorem levy (basic 1% on net value plus applicable voter approved overrides)	(916) 874-7431	\$ 2,736.96
Total Ad Valorem Taxes:			\$ 2,736.96

Special Assessments

The following include all special assessments and special taxes included on the tax bill.

Agency	Direct Assessment Description	Contact Phone	2006/07 Levy
County of Santa Clara	Mosquito, Vector and Disease Control Assessment	(800) 273-5167	\$ 5.02
County of Santa Clara	Vector Control Fee	(408) 792-5010	\$ 5.08
Santa Clara Valley Water District	Clean Safe Creeks Special Tax	(408) 265-2607 x2323	\$ 22.04
City of San Jose	Library Services Assessment	(408) 277-4896	\$ 25.50
Santa Clara Valley Water District	Flood Prevention Assessment (East)	(408) 265-2607 x2810	\$ 25.62
Santa Clara County Open Space Auth	Open Space Protection Assessment	(408) 224-7476 x11	\$ 29.92
City of San Jose	Sewer/Storm Drain Service Charge	(408) 277-5195	\$ 175.68
Morgan Hill Unified School District	Mello-Roos Community Facilities District Community Facilities District No. 1997-1	(408) 779-5224	\$ 645.20

Total Special Assessments: \$ 934.06

Total 2006/07 Tax Bill: \$ 3,671.02

Please refer to the Notice of Special Tax and Assessment for statutory disclosure information on the following page.

Statutory Notice of Special Tax/Assessment

To the prospective purchaser of the real property known as:	Assessor's Parcel Number: 678-77-046 Address/Legal Description: 6940 Gregorich Drive Apt F, San Jose, Ca 95138 Report Date: 11/7/2007
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This is a notification to you prior to your purchasing this property.

Mello-Roos Community Facilities Districts:

This property is subject to a special tax named below, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. The special tax may not be imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property.

There is a maximum tax that may be levied against this parcel each year to pay for public facilities. This amount may be subject to increase each year based on the special tax escalator listed below (if applicable). The annual tax charged in any given year may not exceed the maximum tax amount. However, the maximum tax may increase if the property use changes, or if the home or structure size is enlarged. The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid. If additional bonds are issued, the estimated end date of the special tax may be extended.

The authorized facilities which are being paid for by the special taxes and the money received from the sale of the bonds are summarized below. These facilities may not yet have all been constructed or acquired and some may never be constructed or acquired.

Agency/District	Improvements and Services	Start Year / End Year	2006/07 Levy	Maximum Tax	Escalator
Morgan Hill Unified School District Community Facilities District No. 1997-1 Contact: Bonnie Branco Phone: (408) 779-5224	Construction of schools, lease/purchase of portable classrooms and buses, and rehabilitation of facilities	1991 ----- Ongoing	\$ 645.20	\$646 + \$0.24/bldg sf for 2006/07	2%

You should take this tax and the benefits from the public facilities and services for which it pays into account in deciding whether to buy this property. You may obtain a copy of the resolution of formation which authorized creation of the community facilities district, and which specifies more precisely how the special tax is apportioned and how the proceeds of the tax will be used, by calling the contact name and number listed above. There may be a charge for this document not to exceed the estimated reasonable cost of providing the document.

1915 Act Bond Assessment Districts:

This property is within the assessment district(s) named below. Each assessment district has issued bonds to finance the acquisition or construction of certain public improvements that are of direct and special benefit to property within that assessment district. The bonds will be repaid from annual assessment installments on property within the assessment district.

This property is subject to annual assessment installments of the assessment district that will appear on your property tax bills, but which are in addition to the regular property taxes and any other charges and levies that will be listed on the property tax bill. If you fail to pay assessment installments when due each year, the property may be foreclosed upon and sold. The annual assessment installment against this property as shown on the most recent tax bill for the 2006/07 tax year is listed in the table below. Assessment installments will be collected each year until the assessment bonds are repaid.

The public facilities that are being paid for by the money received from the sale of bonds that are being repaid by the assessments are included in the table below. These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

This parcel IS NOT subject to any 1915 Act Bond special assessments.

You should take this assessment and the benefits from the public facilities for which it pays into account in deciding whether to buy this property. You may obtain a copy of the resolution confirming assessments that specifies more precisely how the assessments are apportioned among properties in the assessment district by calling the contact name and number listed above. There may be a charge for this document not to exceed the estimated reasonable cost of providing the document.

Other Special Assessments

This section provides detail on other assessments (aside from the Mello-Roos and 1915 Act charges identified on the prior pages) that will affect the property.

Other Special Assessment Liens/Financing:

In some instances, local government agencies may use alternate means of financing projects, including state loans, agency loans, 1911 Act assessment district bonds, other types of improvement bonds, and other methods to pay the cost of a capital project. Also, there may be other fixed schedule items on the tax bill that must be paid over a number of years. In some cases, these amounts may be prepaid. Also, for internally financed projects, the loan may need to be paid off prior to transfer of property.

Issuer and District	Purpose of District	Start Year	End Year	Contact Phone	2006/07 Levy
Santa Clara Valley Water District Clean Safe Creeks Special Tax	Improvements to promote clean creeks and natural flood protection	2000	2015	Spec Tax/Asmt Hotline (408) 265-2607 x2323	\$ 22.04

Other Direct Assessments:

In addition to the items listed in the previous sections, as of the 2006/07 tax year, your property is subject to the following additional Direct Assessments that do not impose special accelerated foreclosure liens on your property.

Agency	Direct Assessment Description	2006/07 Levy	Contact Phone
County of Santa Clara	Vector Control Fee	\$ 5.08	Tim Mulligan (408) 792-5010
Santa Clara Valley Water District	Flood Prevention Assessment (East)	\$ 25.62	Spec Tax Benefit Asmt Hotline (408) 265-2607 x2810
City of San Jose	Sewer/Storm Drain Service Charge	\$ 175.68	Ken Oliver or Janice Tenorio (408) 277-5195
County of Santa Clara	Mosquito, Vector and Disease Control Assessment	\$ 5.02	Jeanette Hynson (800) 273-5167
Santa Clara County Open Space Auth	Open Space Protection Assessment	\$ 29.92	Lloyd Wagstaff (408) 224-7476 x11
City of San Jose	Library Services Assessment	\$ 25.50	Stephanie Eastep (408) 277-4896

These direct assessments and charges will appear annually on your property tax bill. In most cases, these are subject to public notice and hearing requirements (as controlled by Proposition 218) and any increases or additions must be approved by a vote of the registered landowners (or registered voters, depending upon the specific legislation). While they do not impose an accelerated foreclosure lien, they do result in an increased annual tax rate. For additional information on a particular special assessment, please call the phone number listed above.

Accelerated Foreclosure SummarySM

Important: If any items are listed below, your property has accelerated foreclosure liens attached to it. These have priority over other property taxes, and are part of the security for a municipal bond issue (or else are part of a Mello-Roos community facilities district). The issuers of these bonds are often contractually required to monitor and collect delinquent assessments quickly. There is no five year waiting period. If you fail to pay your property tax bills when due each year, the property may be foreclosed upon and sold. **Therefore, it is important to pay your property tax bill on time. If you cannot, you should contact your lender to discuss alternate arrangements.**

Mello-Roos Community Facilities Districts:

Agency/District	2006/07 Tax Year Information
Morgan Hill Unified School District Community Facilities District No. 1997-1	The amount charged for the 2006/07 tax year was \$ 645.20 . The maximum amount that could have been charged (worst case) was \$646 + \$0.24/bldg sf for 2006/07 . This maximum amount will increase each year in the future, if applicable, by 2% . This tax will be charged until Ongoing .

*Note on Backup Taxes: If a "backup tax" is mentioned above, this tax has been established to be used as a worst case scenario, only if revenue is needed in any one year to meet bondholder payments. The likelihood of a tax reaching this backup level is low. However, property owners should be prepared for this as a worst case scenario if the development in the district does not proceed as planned. Once the district is developed and properties are sold to many owners, the likelihood of the actual tax ever reaching this amount is very low.

1915 Act Bond Assessment Districts:

Agency/District	2006/07 Tax Year Information
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No 1915 Act Bond Districts.

Other Districts That Include (or May Include) Accelerated Foreclosure:

Agency/District	2006/07 Tax Year Information
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No Additional Accelerated Foreclosure Districts.

Note: Many properties in California have Mello-Roos or other bonded assessments. As a result, these properties usually have newer amenities and other benefits that may enhance property value. However, if any items are listed on this page, as a buyer **it is important to pay your tax bill on time**, or arrange to have your property taxes impounded, to avoid penalties or the threat of accelerated foreclosure.

Available Senior Citizen ExemptionsSM

Assessments with an available exemption:

Agency	Direct Assessment Description	2006/07 Levy	Contact Phone
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No Senior Exemptions Available on the 2006/07 Tax Bill.

Notice of Supplemental Property Tax Bill

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Pursuant to Civil Code §1102.6c, Seller or his or her agent is providing this “Notice of Your ‘Supplemental’ Property Tax Bill”:

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

If you have any question concerning this matter, please call your local Tax Collector’s Office.”

Explanation of Supplemental Assessments

As stated in the official “Notice” above, State law requires the Assessor to reappraise property upon change in ownership or completion of new construction. The resulting supplemental assessment reflects the difference between the new value and the old value. The Auditor-Controller calculates the supplemental property tax, and prorates it, based upon the number of months remaining in the fiscal year in which the event occurred. The fiscal year runs from July 1 through June 30.

A change in ownership or new construction completion which occurs between January 1 and May 31 results in **two** supplemental assessments and **two** supplemental tax bills. The first supplemental bill is for the remainder of the fiscal year in which the event occurred. The second supplemental bill is for the subsequent fiscal year.

Notices of Assessed Value Change are normally mailed to property owners before supplemental tax bills are issued. Remember that supplemental tax bills are **in addition to** the regular annual tax bills. Supplemental bills go directly to the property owner, and not to an impound account - where one might exist.

On following of this report, a **SUPPLEMENTAL TAX BILL(S) ESTIMATOR** is provided for the buyer to **estimate** the amount of the supplemental tax bill(s). It does **NOT** include the amount of the regular secured Property Tax Bill. It is only an estimate for the buyer’s planning purposes.

Tax Estimators

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Property Tax Estimator

The following schedule is offered as an aid in estimating the amount of property tax that will be levied on the property this year based on an assessed valuation equal to the selling price. The estimate is not a substitute for a tax bill, nor does it anticipate new property tax charges or fees or other changes in property tax rates for the next tax year.

1	Estimated Sales Price	• 1	\$	
2	Estimated Ad Valorem Tax Rate	• 2	\$	0.01153
3	Multiply line 1 by line 2. This is your Estimated Ad Valorem Taxes	• 3	\$	
4	Direct / Special Assessments.	• 4	\$	934.06
5	Add lines 3 and 4. This is your Estimated Total Annual Property Tax Amount	• 5	\$	

NOTE: The amount estimated on Line 5 **may not** appear on the first annual property tax bill because reassessment by the county is not immediate. For that reason you may receive one or two **Supplemental Tax Bill(s)** that are independent of the regular annual property tax bill until the new assessed value is included on the annual property tax bill. To estimate the amount of the Supplemental Tax Bill(s), use the form below.

Supplemental Tax Bill Estimator

The following schedule is provided for you to **estimate** the potential amount of the supplemental **ad valorem** tax on a given property. It does **NOT** include the amount of the regular annual Property Tax. This provides an estimate of the "Supplemental Property Tax Bill(s)" that you can expect to receive during the first year of ownership, and is for your planning purposes only.

1	Estimated Sales Price	• 1	\$	
2	Estimated Current Assessed Value	• 2	\$	237,315.00
3	Subtract line 2 from line 1. This is your Estimated Supplemental Assessed Value	• 3	\$	
4	Multiply line 3 by 0.01153 (The Estimated Ad Valorem Tax Rate for your property) This is your Estimated Full-Year Supplemental Tax Obligation	• 4	\$	

Supplemental Tax Estimator continued on following page

Supplemental Tax Bill Estimator (continued)

If your Close of Escrow falls during the months of January through May, you will receive TWO Supplemental Tax Bills, one for the current partial tax year and one for the next full tax year. Estimate the Supplemental Tax Bill amounts with lines 5 through 8 below:

5	Enter the factor for the Month of Sale from TABLE 1 below.	• 5	\$	
6	Multiply line 4 by line 5. This is the amount of your estimated Supplemental Tax Bill # 1	• 6	\$	
7	Enter the amount on line 4. This is the amount of your estimated Supplemental Tax Bill # 2	• 7	\$	
8	Add lines 6 and 7. This is your total estimated Supplemental Tax Bill	• 8	\$	

If your Close of Escrow falls during the months of June through December, you will receive ONE Supplemental Tax Bill. Estimate the Supplemental Tax Bill amount with lines 9 and 10 below:

9	Enter the factor for the Month of Sale from TABLE 2 below.	• 9	\$	
10	Multiply line 4 by line 9. This is the amount of your total estimated Supplemental Tax Bill	• 10	\$	

Table 1. Month of Sale Factor	
Jan	0.4170
Feb	0.3333
Mar	0.2500
Apr	0.1667
May	0.0866

Table 2. Month of Sale Factor	
Jun	1.0000
Jul	0.9167
Aug	0.8333
Sep	0.7500
Oct	0.6670
Nov	0.5830
Dec	0.5000

The information on this page is an estimate only. The purpose of this “ESTIMATOR” is to assist the taxpayer in planning for his/her supplemental taxes. The estimated supplemental tax shown herein is not a substitute for the supplemental bill and may not be relied upon as such. This “ESTIMATOR” requires the buyer’s projection of the Purchase Price as well as Month in which the transaction is completed. No potential exemptions are reflected in these determinations. FANHD shall not be responsible or liable for any losses, liabilities or damages resulting from use of this Supplemental Tax Estimator or the Property Tax Estimator.

General Information about Your Property Tax Bill

California's secured property tax bills consist of two types of charges: 1) ad valorem taxes and 2) special assessments. These are explained briefly below.

1) Ad Valorem Taxes

Ad valorem taxes are based on the value of property. The basic ad valorem tax is the statewide tax authorized by California law. This general tax is 1% of the assessed value of the property each year. This tax is shared by the state, schools, cities and counties. In addition, voters can approve local additional ad valorem overrides that put the ad valorem tax rate over 1%. These overrides normally involve general obligation bond debt. These general obligation bonds do not place a special lien on any one property but simply increase the ad valorem tax rate slightly over 1%.

2) Special Assessments

Anything that is not an ad valorem tax is called a "special assessment" or a "direct assessment." These charges are local in nature and are used to fund local improvements or public services that provide some type of general or direct benefit to the property. Special assessments are not tax rates and by law cannot be based on the value of property. Instead, each special assessment district has some type of benefit formula that is used to calculate the amount of the assessment on each parcel. Special assessments can be levied using a variety of laws, including the Mello-Roos Community Facilities Act of 1982; various assessment district bond acts such as the 1915 Act or 1911 Act; or through a variety of non-bonded charges such as the 1972 Act Landscape and Lighting Act, the 1982 Benefit Assessment Act, user fees, service charges and other methods. Some commonly used types of special assessments are:

- a) **Mello-Roos Community Facilities Districts.** This is a type of special assessment financing frequently used to fund infrastructure, schools and many types of public services such as police, fire, landscaping, etc. A Mello-Roos district may or may not involve a bond sale. Mello-Roos districts place a senior lien on the property that has a provision for accelerated foreclosure action by the levying agency if property taxes are not paid on time. Because of this, California law now requires disclosure of Mello-Roos taxes in real estate transactions.
- b) **1915 Bond Act Assessment Districts.** This is another type of special assessment financing method frequently used to fund infrastructure and other public improvements in California. The 1915 Act is a bond act only, meaning another assessment district formation act must be used to form the boundaries of the district before 1915 Act bonds may be sold. These formation districts are usually one of these: the 1913 Act, the 1911 Act or the 1972 Act. Issuance of 1915 Act bonds places a senior lien on the property that has a provision for accelerated foreclosure action by the bond issuer if property taxes are not paid on time. Because of this, California law now requires disclosure of assessments securing 1915 Act bonds in real estate transactions.
- c) **Other Bonded Districts.** In addition to Mello-Roos and the 1915 Act, there are other types of land-secured bonds that may impact California property. These include improvement bonds issued under the 1911 Act or other improvement bonds issued under county or charter city laws. Some of these do include the power of accelerated foreclosure; the Alliant tax report will include such items on the "Summary of Items Subject to Accelerated Foreclosure" page.
- d) **Maintenance Districts.** In most newer communities in California, the cost of maintaining common areas, landscaping, street lighting, storm drains and parks is often handled through Landscape and Lighting Maintenance Assessment Districts. These may be formed under the 1972 Landscaping and Lighting Act or other legislation; these are approved annually through a public hearing process. They may have a cost-of-living increase or other formula but must be renewed every year. These districts are often referred to as "cost recovery districts" since they provide a means for government to provide a specific service and have the cost recovered through assessing those properties that benefit from the services.
- e) **User Fees and Service Charges.** Many municipalities charge user fees for services to the property such as water and sewer. Instead of billing the property owner directly for monthly or quarterly fees, the service charge is collected annually on the property tax bill.
- f) **Standby or Availability Charges.** Local agencies that provide water and sewer services are also authorized to levy Standby or Availability Charges. These annual assessments are charged to help fund the future availability of services to the area or the expansion of services to meet future growth.
- g) **County Service Areas, Community Services Districts and Permanent Road Divisions.** In unincorporated areas of a county, the county may provide services to specific areas through the formation of a County Service Areas ("CSA") or a Community Services District. Then, a specific community may receive enhanced services such as road maintenance, landscaping, street lighting and park maintenance, and repay the county (or itself, if a Community Services District) through special service charges or assessments. Permanent Road Divisions are a similar type of entity formed by a county to provide road improvement and maintenance in unincorporated areas.
- h) **Benefit Assessments and Parcel Taxes.** School Districts and other local agencies commonly levy voter-approved annual special parcel taxes or benefit assessments. These are annual charges that pay for specific service. Commonly used benefit assessments and parcel taxes are those to pay for schools, fire protection, flood control and storm water maintenance or police services.
- i) **Penalties.** Local agencies have the ability to place delinquent account charges for property related services or civil penalties directly on the tax bill. These may include delinquent utility bills, fees for parcel cleanup and weed abatement and fees for civil penalties.



JCP Property Disclosure The EnviroCheck Report™ FOR SANTA CLARA COUNTY

Property Address: 6940 GREGORICH DRIVE APT F,
SAN JOSE, SANTA CLARA County, CA
("Residential Property")

APN: 678-77-046
Report Date: 11/07/2007
Report Number: 186925

EnviroCheck Report

THE PARTIES: The owner of the Residential Property on the Report Date ("Seller"), the buyer of the Residential Property under contract of sale as of the Report Date ("Buyer") and their respective licensed real estate agents ("Agents") are the parties to the Transaction to which this Report applies ("Parties"). JCP and the Parties are the parties to the contract that is entered into by the purchase of this Report.

PART 1: INTRODUCTION AND SUMMARY

WHAT THIS REPORT DISCLOSES: This Report discloses information from six governmental Databases as to the existence of any underground storage tank or other specific types of potentially contaminated Sites ("Sites") located within a specified distance of the Residential Property. This Report is divided into five parts:

- Part 1. This **INTRODUCTION** and Summary
- Part 2. **SCHEDULES A AND B: Determination Summary** and B, **Potentially Contaminated Sites** within specified distances of the Residential Property
- Part 3. **EXPLANATION OF THE DATABASES** from which this Report has been prepared
- Part 4. **Explanation of the METHODS AND Limitations** in this Report
- Part 5. **BACKGROUND INFORMATION** regarding environmental contamination

UNDERSTANDING THIS REPORT: To understand the information in this Report, including Schedules A and B, it is important to read the entire Report.

THIS IS A DATABASE REPORT ONLY: This Report only provides information from the Databases identified in this Report. While JCP has made good faith efforts to report from the Databases as accurately as possible, the quality, accuracy, and currency of the information contained in these Databases can vary greatly. For more information regarding a specific Database, please read the Part below entitled "Databases Used in this Report."

POINT SOURCE METHODOLOGY: This Report does not identify the precise areas actually contaminated by an environmental hazard; rather, as a reasonable approximation, it identifies as "point sources" for contamination those Sites identified in a specific Database. The point sources identified in this Report may not precisely reflect the location of the source of contamination on the Site, nor will they describe the spread of any contamination from the source. If a box is checked "IN" on Schedule A, JCP recommends further investigation of that Site.

NOT AN INSPECTION REPORT: This Report is not the same thing as a physical inspection report or a full environmental assessment report. JCP has **not** physically inspected the Residential Property nor the Sites. This Report only summarizes the information from governmental Databases using the Point Source methodology described above to determine the proximity of Sites to the Residential Property.

LIABILITY PROTECTIONS: Upon consummation of the sale of the Residential Property to Buyer ("Sale Date"), the Parties involved in that sale are protected against loss caused by any error in this Report as specified in the Part below entitled "Methods and Limitations."

NOT AN INSURANCE POLICY: This Report is a binding contract but is not an insurance policy. The price charged for the Report does not cover the costs that would be necessary to provide all of the protections of an insurance policy.



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PART 2: SUMMARY OF DATABASE INFORMATION: SCHEDULES A AND B

SCHEDULE A: DETERMINATION SUMMARY:

The Site disclosed on this Report have been identified from certain government lists and are within one-half (1/2) mile of the Residential Property. Please refer to the remaining Parts of this Report for individual site summaries and additional information. The Methods and Limitations Section (Part 4) is located at the end of this Report.

The Residential Property:

IS **IS NOT** within 1/4 mile of 0 known leaking underground fuel tank Site(s).

IS **IS NOT** within 1/2 mile of Site(s) other than a leaking underground fuel tank.

Some official lists may include Sites that have been closed or otherwise cleaned up, or are simply being monitored or regulated with no known contamination.

The hazard 'Sites' included in this Report are 'POINT' SOURCES ONLY, such as a leaking underground tank on a specific property. This Report does NOT address 'AREAS' of potential environmental hazard, such as a contamination Study Area or a groundwater plume. In addition, any point source that lies beyond the standard 1/4 and 1/2-mile radius distances considered here will not be reflected in this Report--even if it is known to be the origin of a larger contaminated area. Point sources are included in this Report as of the time they are identified in the government lists consulted by JCP.

JCP prepared this Report. The Parties are protected by JCP's Professional Liability Insurance Policy for damages to the extent they are caused by JCP's negligent acts, errors or omissions in the performance of our services and subject to the limitations of this report.

Determined by First American Natural Hazard Disclosure, LLC (FANHD)

Scott Roecklein, Sr. Vice President
First American Natural Hazard Disclosures LLC

I have read this EnviroCheck Report prior to signing and have received a copy of this report.

Signature of Transferor (Seller) _____	Date _____
Signature of Transferor (Seller) _____	Date _____
Signature of Transferee (Buyer) _____	Date _____
Signature of Transferee (Buyer) _____	Date _____



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SCHEDULE B – INFORMATION REGARDING SITES IDENTIFIED IN SCHEDULE A

SITES LISTED ON A LEAKING UNDERGROUND FUEL TANK LIST

All of the Sites in this section are listed on the State's Leaking Underground Fuel Tank Information System (LUFT) and have been identified to have had a leaking fuel tank. Many of these Sites have been cleaned up, and this is noted below if it is the case. Leaking underground fuel tanks are the most common type of contamination. Fuel tank leaks are often less extensive than other types of contamination releases and usually do not extend beyond the real property on which the tank is located. **NOTE:** The LUFT list identifies the type of resource (soil, groundwater, aquifer, etc.) that is or was affected by the contamination. For some listed Sites, the resource description may appear to contradict information cited for "cleanup activity status". Please contact the State Water Resources Control Board for an explanation of any such discrepancy.



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SITES WITHIN ½ MILE OF THE RESIDENTIAL PROPERTY OTHER THAN A LEAKING UNDERGROUND FUEL TANK

The following Sites are regulated by an agency or have been listed by a state or federal agency as being contaminated either currently or in the past. Many of these Sites have been cleaned-up; and this will be noted if it is the case. NOTE: Sites listed on SWIS are not considered contaminated; they are simply monitored for compliance with regulatory procedures.

No other types of hazardous substance contaminated Sites were found within one-half mile of the property on the lists used to prepare this report.



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SITES MISSING KEY LOCATION INFORMATION

N/P = Not Provided on list used.

N/A = Not Applicable - Sites listed as containing, using or storing hazardous substances, no cleanup status provided.

Active = Site undergoing clean-up or investigation.

Closed = Clean-up completed.

A limited number of listed Sites contain address information that is inaccurate, incorrect, or is missing key information necessary to locate the site with confidence using the geocoding methods used in this report. These Sites are reported in the generalized list below for review based on their possible existence in proximity to the Residential Property site. Sites in this section are not necessarily within a one mile search radius of the Residential Property. This list is provided for general information only.

Site Name	Address	Status	Database
Arco #2092	5498 Monterey Rd	Active	LUSTIS
Klesitz Property	101 Monterey Rd	Closed	LUSTIS
Chevron #9-0038	6096 Cottle Rd	Active	LUSTIS
Universal Gas	8125 Monterey Rd	Closed	LUSTIS
HILLVIEW - ELEANOR AREA PLUME	Btw Hillview;Eleanor Ave&San Antonio Rd	Active	AWP
SOUTH BAY ASBESTOS AREA	Ft Of Liberty St Guadalupe Riv	Active	AWP
GEORGE L. RICHEY US ARMY RESERVE CENTER Active	AWP		155 W Hedding St



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PART 3: EXPLANATION OF THE DATABASES USED IN THIS REPORT

This Report uses the following Databases as of the specified date for each Database ("Database Date"):

1. NATIONAL PRIORITIES SITES (NPL Sites - commonly called "Superfund" or "CERCLIS" Sites) AS OF OCTOBER 1, 2005.

The National Priorities List ("NPL") is a federal Environmental Protection Agency ("USEPA") database which includes Sites where known releases or threatened releases of hazardous substances, pollutants, or contaminants have occurred. As a part of the Superfund cleanup program, the NPL helps the USEPA determine which Sites warrant further investigation to assess human health and environmental risks, identify what remedial actions may be appropriate, notify the public of Sites believed to warrant further investigation, and serve notice to potentially responsible parties that the USEPA may initiate remedial action. Some NPL Sites encompass relatively large areas. **Responsible Agency: USEPA**

FOR MORE INFORMATION: Contact the Environmental Protection Agency Superfund Hotline at **(800) 424-9346** to speak with a Superfund consultant to request information from the individual Site Fact Sheet. This help-line can also provide the telephone number of the local Community Relations Coordinator for the Site in question and the location of the local information repository for that Site. The USEPA's official Internet website address is www.epa.gov/superfund/Sites/npl/ca.htm

2. Leaking Underground Fuel Tank Sites (LUFT) PER GEIMS/GeoTRACKER INFORMATION MANAGEMENT SYSTEM AS OF OCTOBER 1, 2005.

Leaking underground storage tanks ("LUSTs") may be a significant source of soil and groundwater contamination. The State Water Resources Control Board maintains a database of LUSTs known as the Leaking Underground Storage Tank Information System which was recently supplanted by the statewide GEIMS/GeoTracker information management system. LUSTIS contains the locations of all reported LUSTs, as well as the contents and status of the LUSTs. **Responsible Agency: SWRCB**

FOR MORE INFORMATION: For general questions, telephone the State Water Resources Control Board's Clean Water Desk in Sacramento at **(866) 480-1028**. Information on specific Sites is available at www.swrcb.ca.gov or visit their official Internet site at www.geotracker.waterboards.ca.gov

3. California Integrated Waste Management Board's SWIS List AS OF OCTOBER 1, 2005.

Solid Waste Landfill Sites vary from state to state and may include active landfills, inactive landfills, incinerators, transfer stations, recycling facilities, and other facilities where solid waste is treated or stored. The California Integrated Waste Management Board ("CIWMB") tracks such Sites via its SWIS database. SWIS contains information on facility type, regulatory and operational status, type of wastes received, and local enforcement actions. Please note that *these Sites are simply regulated facilities and are not classified as being "contaminated"* by the Board. **Responsible Agency: CIWMB**

FOR MORE INFORMATION: Contact the Board's "Solid Waste Information Center" at (916) 341 6320 and ask for the Associate Waste Management Specialist who should be able to answer some limited general questions. For more information, please contact the CIWMB in Sacramento or visit www.ciwmb.CA.Gov/Swis/search.asp#DOWNLOAD on the Internet.

4. Spills, Leaks, Investigation and Cleanup list (SLIC) AS OF OCTOBER 1, 2005.

The SLIC Program oversees soil and water investigations, corrective actions, and assessments at Sites with current or historic unauthorized discharges and covers all types of pollutants (such as solvents, petroleum fuels, heavy metals, pesticides, etc.) As of January 1, 2005, all SLIC data is required to be submitted to the State Water Resources Control Board's Geotracker database. Information on individual Sites may be available online at www.geotracker.waterboards.ca.gov. Please note that according to the SWRCB, "data is undergoing data cleanup and may contain errors".

FOR MORE INFORMATION: For details about a particular site, please visit GeoTracker at www.geotracker.waterboards.ca.gov Using the Identifier tool and clicking on the site on the graphic map interface, you can access a report that includes the case number and contact telephone number for the agency with more information on this site. If you know case number, you may access the record using Case Finder at <http://www.geotracker.waterboards.ca.gov/search/casesearch.htm>



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5. CALIFORNIA ACTIVE ANNUAL WORKPLAN LIST (AWP) AS OF OCTOBER 1, 2005.

Responsible Agency: State EPA

FOR MORE INFORMATION: Contact the State Environmental Protection Agency Department of Toxic Substances Control at:
(916) 323-3400

WANT MORE INFORMATION?

There is no single government agency that handles information for all contaminated Sites. Multiple agencies are responsible for organizing clean-up efforts at different types of Sites. Each generally maintains files on the Sites they oversee with information on the type and extent of contamination, clean-up efforts etc. There is also the possibility that the file may have no additional information. For general information, refer to the discussions in this report. If your question isn't answered there, call us here at JCP. We will try and answer them for you.

In each site summary, there is the name and telephone number of the agency overseeing that site. Agencies are limited to answering general questions. **NOTE!** Additional information on a site may be limited and the government agency you contact will not venture opinions.

How to Obtain Generalized Environmental Information

Brochures published by the Environmental Protection Agency (EPA) are a good source of general information. County health departments may have a health and safety officer or a "haz-mat" (hazardous materials) specialist that can answer general questions also. The telephone number for the local Department of Health should be listed in the telephone book.

Environmental Protection Agency Drinking Water Hotline: **(800) 426-4791**
Federal Environmental Protection Agency Public Information Office: **(866) 372-9378**
California Environmental Protection Agency: **(916) 445-3846**



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PART 4: METHODS AND LIMITATIONS -- PLEASE READ!

As in all studies and reports, there are limitations in this Report. This Part will summarize (a) the methods used in creating this Report, (b) the limitations with respect to the data and the government site lists ("Databases"), and (c) the responsibilities and liabilities of JCP under this Report. Please read this Part carefully so you understand the limitations on this Report and JCP's responsibilities.

A. LIMITATIONS ON DATABASE INFORMATION

JCP has accurately reported the information in the Databases as of the Database Dates. With respect to the Databases, it is important to understand that:

- The Databases may not be accurate, current, fully detailed, or complete.
- A parcel of real property may be affected by contamination or environmental hazards that have not been identified on any of the Databases.
- A Database may not contain sufficient information to locate a particular parcel of property.
- Changes may have occurred in the Databases since the Database Date specified above.
- There may be other governmental databases with relevant information which are not included in this Report.

B. JCP DOES NOT CONSTANTLY CHECK DATABASES FOR CHANGES

Each Database used in this Report is updated by the Responsible Agency at various intervals. Updates for a Database are determined by the Responsible Agency and may be made at any time and without notice. JCP maintains an update schedule and makes reasonable efforts to use updated information but it cannot feasibly do so on a constant basis, and the complexities of obtaining and adapting the data into a usable format for preparing this Report necessitates some delay once the updated information is obtained. For these reasons, JCP reports information as of the date when the Database was last updated by JCP. That date is specified as the "Database Date" for each Database in Part 4.

C. LIMITATIONS ON HOW SITES ARE LOCATED AND REPORTED

Due to the way information is reported in the Databases, the Sites identified are "POINT SOURCES" ONLY which means that the specific location of the Site is located based on the information in the Database and used as the beginning point for measuring the distance to the Residential Property. This Report does NOT use "AREAS" of potential environmental contamination, such as a contamination study area or a groundwater plume, even if the source of that study area or plume derives from a Site. In other words, this Report identifies a single point as the approximate source point for an environmental hazard identified on a Database, even if the hazard actually covers an expanded area.

In the Databases, the Sites are identified by their address. In this Report, the point location for a Site is based on that address, **not** on the actual location of a source of contamination on the Property. As a result, the location of any Site set forth in this Report may not be precisely the location of the source of contamination. Furthermore, some of the Databases may not have the complete address information for a Site so it can not be located at all.

FOR REPORTS WHERE PROPERTIES LOCATED USING STREET DATA:

The location of the Residential Property has been determined by approximating its corresponding street address as a geocoded point. While that point has been located as accurately as possible, there may be some inaccuracies due to the shape of the property or the mapping information relied upon. Sites that are mapped within the specified radii of this geocoded point will be reported. Furthermore, since Sites are located using a geographic information system, if the assessor parcel number or address of the Residential Property provided is inaccurate, the information provided in this Report will not be accurate.

In certain instances, Sites cannot be precisely located (or "geocoded") due to missing or inaccurate data in the Database. However, based on information available in the Databases, these Sites are locatable within zip codes. These Sites are referred to as "Unlocated Sites" and reported in the Part, "Sites Missing Key Location Information." That Part of the Report



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indicates such Unlocated Sites that are in the zip codes that are within a one (1) mile radius of the Residential Property. Unlocated Sites are not necessarily within a one mile radius of the Residential Property. These Sites are identified to alert the Parties to potential issues about which the Parties may desire to obtain further information.

For these reasons, Parties should seek additional information about the Sites listed, as described in the discussion of the relevant Database.

D. LIMITATIONS IN THIS REPORT

JCP does not make any representations as to:

- The accuracy, validity or completeness of the Databases.
- The significance or extent of the contamination or remediation of any of the Sites identified in the Databases.
- The health hazards to humans or animals that may be associated with any of the substances that may exist at the Sites or how they may affect the Residential Property.
- The drinking water sources for the Residential Property.
- Any information in a Database after the Database Date for that Database.
- Any information regarding the Residential Property after the Report Date.

JCP does not perform a physical examination or any testing of the Residential Property or the Sites. This Report only provides information derived from the Databases in accordance with the Methods and Limitations. This Report should not be considered a substitute for an on-site environmental assessment. If additional information is desired, the Parties are encouraged to investigate other sources and to consult an environmental expert.

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, **only** upon receipt by JCP 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, or (c) for any future transactions involving the Residential Property. The price paid for the Report does not include any amounts for protection of such other parties.

F. LIMITATIONS ON JCP'S LIABILITY

Given the limited nature of this Report, and the fact that JCP is reporting, not assuming liability, JCP is not responsible for:

- Any inaccuracies or incompleteness of the information in the Databases.
- Inaccurate address information provided for the Residential Property.
- Any other information not contained in the specified Databases.
- Any information which would be disclosed by a physical inspection of the Residential Property.
- Any information known by one of the Parties.
- Any changes to the information in the Databases after the Database Date.
- The health hazards to humans or animals that may be associated with any of the substances that may exist at the Sites or how they may affect the Residential Property.
- The costs of investigating or cleaning up any environmental hazards.

This Report is not an insurance policy and does not provide the same protections as an insurance policy. It does not obligate JCP to defend any Party against any claims, and JCP shall not have any duty to defend against any claims pursuant to California Civil Code § 2778 or otherwise. The price of this Report has not been based upon any responsibility for defense costs, nor for assumption of environmental risks. 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 to provide this Report for the price charged, and to help streamline the process of resolving any disputes between the Parties and JCP, the Buyer, Seller and Agents agree that if there is a material error or omission in this Report:



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- **The Party who suffers damages as a result of such error or omission shall be entitled at most to recover from JCP the actual proved damages measured by the difference in the fair market value of the Residential Property as of the Report Date, caused by the error or omission but not in excess of \$100,000 Dollars (\$100,000).**
- **JCP shall not be liable for indirect, consequential, or punitive damages (including, but not limited to, emotional distress or pain and suffering).**

JCP shall not be liable to a Party for any matters known to that Party or its Agent (including errors in this Report) and not disclosed in writing to both the other Parties and JCP prior to the Sale Date.

G. 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 contamination, releases of hazardous materials or remediation activities potentially affecting the Residential Property, that information should be promptly disclosed in writing to the Buyer and the Buyer's Agent.

H. OTHER AGREEMENTS

This Report sets forth the complete, integrated agreement between JCP and the Parties. Evidence of prior or contemporaneous statements, representations, promises or agreements shall not be admissible to vary the terms of this written agreement. This agreement may not be changed or amended except by a written document signed by an authorized representative of JCP and the Parties.

In the event that any dispute arises between JCP and any Parties arising out of or relating to this Report or its subject matter, or any act or omission of JCP, the prevailing party shall be entitled to recover his, her or its reasonable costs, including attorneys' fees, from the losing party.

If any provision of this Report, or its application to any circumstance, is held to be invalid, unenforceable, or void, the remainder of this Report shall remain in full force and effect and enforced to the fullest extent possible.

PART 5: BACKGROUND INFORMATION

The subject of hazardous waste can be an emotional and uncertain topic. You have taken an important step by obtaining this report to help become informed on environmental issues. There are a number of important factors to consider when assessing environmental issues. Risk is only one factor. Others include public values and perceptions, economic constraints, perceived risk to health etc. Accurate and unbiased information is important. It provides a logical foundation for decisions that are often emotionally based on "perceived" rather than on actual risk.

This section includes discussions on certain topics to help you understand this report. The subject of contamination is broad and complex. These discussions are not intended to be an exhaustive study of environmental issues. In addition, many aspects of hazardous substance clean up and control change as state-of-the-art practice and legislation changes. For these reasons, the following information is of necessity generalized and may not apply to every site. This section is divided into the following:

- What Are Hazardous Substances? Understanding the Risk in Perspective
- Groundwater
- Formation of Plumes: The Transport of Chemicals into Groundwater
- Leaking Underground Fuel Tanks
- What is a "Superfund" Site?
- Drinking Water: Tap vs. Private Well



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WHAT ARE HAZARDOUS SUBSTANCES?

Chemicals in our environment are a controversial subject. This is because their effects on human health are often not well understood. Both the government and the public want clear standards that define when a substance is considered "hazardous." Unfortunately, it is not always easy to determine such a clear standard. Precise instruments allow us to detect a wide variety of substances even in very small concentrations. Sometimes these substances are only detectable in the parts per billion (ppb) or parts per trillion (ppt) ranges. In these cases, the concentrations are at or near the limit of our ability to even detect them.

If scientific study shows that a particular chemical is known or suspected to adversely affect our health, that substance could become listed as an official hazardous substance. The list of what "is" and "is not" a hazardous substance changes. With increased research, substances are added and, in some cases, removed.

The potential health implications make us question the presence of chemicals in our environment. It's important to understand that any risk associated with a substance is dependent on both the concentration of the chemical *and* the length of exposure time. Some scientists believe that a "threshold" level exists for many chemical concentrations below which there are no known or anticipated adverse health effects. This allows standard concentration limits of some chemicals to be established. These standards are called "Maximum Contaminant Levels" (MCL), and they are enforceable by the Environmental Protection Agency. If these levels are exceeded, the substance must be cleaned-up until it is at or below the MCL.

The term "hazardous substance" is used in this report as synonymous with "hazardous waste" and "toxic substance." In general, the terms refer to a material with potentially harmful affects. Once a particular substance is determined to be harmful, it may become regulated by one or more environmental laws. When this happens, it is termed "listed." Once a chemical is "listed," Sites that have spilled or leaked the substance may be required to clean it up.

Hazardous Substances in Perspective

As is true with *any* hazardous substance, the mere presence of it is not a threat to human health. In order to pose a health risk, that substance must come into physical contact with the body by eating, drinking, inhalation, or skin contact. It is the likelihood of physical exposure to a substance that must be carefully examined to determine an acceptable level of risk. Information on how contaminated Sites can or *cannot* affect the property is vital in making decisions. Inaccurate perceptions could lead to making misinformed decisions. Two lines of logic to consider when analyzing risk are:

- We make daily decisions based on familiar and acceptable levels of risk because we feel the benefits outweigh the potential consequences. For instance, although we know driving freeways might be dangerous, we drive them anyway because convenience and speed makes this risk acceptable. Many risks we undertake everyday aren't considered hazardous simply because they are familiar.
- Everyday, we make decisions based on what is most important to accomplish first, second, etc. This is necessary because if all problems were assigned equal importance, nothing could be accomplished. Risk is commonly considered similarly or, in other words, as "relative risk." This consideration is based on deciding what "risk" has the worst or immediate adverse consequence and then address that risk first.

Often, decisions are not based on scientific analysis and hard data, but on perceived risk and public opinion. In the environmental arena, these two approaches go head to head. Public attention may be focused on certain environmental hazards based on a dramatic and well-publicized environmental problem. Unfortunately, this may lead to a diminished concern for other environmental issues that may pose more immediate concern. This line of thinking is not directed at undermining the significance of large-scale contamination, but is meant to direct attention to the "big picture."



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Many studies indicate that things we do on a daily basis in our homes may expose us to a greater overall health risk than living next door to virtually any contaminated site. It's hard to imagine that many of the items we take for granted in our homes have higher concentrations of hazardous substances and expose us for greater amounts of time than just about anything we encounter in normal outdoor activities. This is where familiarity with items such as "dry-cleaned" clothes, many air fresheners, mothballs, paints or shoe polishes make the hazardous substances in such things acceptable. In certain cases, chemicals that are strictly regulated in industry are not regulated in homes. An example is methylene chloride, which the EPA found in about one-third of 1000 common household products in a 1987 study. Methylene chloride is regulated in factory emissions, but not within homes.

Understanding a variety of issues is important for making informed decisions. Evaluating risks accurately in order to avoid over- or under-reacting is a task best completed based on sound, accurate information.

GROUNDWATER

The water in lakes, rivers, and groundwater all together only account for about 0.6% of the total water on Earth. Of these, groundwater is the most important fresh water supply. About half of the United States depends on groundwater for their drinking water. An expanding population and economy has prompted a dramatic increase in the demand for water from groundwater supplies. Many thought such water was immune from contamination. However, as more incidents of groundwater pollution occur, public interest in protecting our groundwater has increased as well as legislative protection of this resource.

Although the technical aspects of groundwater and groundwater pollution are beyond the scope of this report, the basic concepts are easy to understand and can help in evaluating other information in this report.

How Groundwater Reservoirs Form

In order to understand the basic principles of groundwater, it is necessary to appreciate the "hydrologic cycle." This is the system by which nature circulates water. In short, water evaporates from the ocean and rises to form clouds. Water in the air condenses and eventually falls back to the earth in the form of rain, snow, sleet, hail etc. which then eventually flows back to the ocean.

We depend on precipitation that falls on land to replenish our fresh water supply. Precipitation can fall directly into water bodies, from run-off, or soak into the soil. Much is absorbed by plants or evaporates, but a portion seeps down into the groundwater. Technically, "groundwater" is water located in water-saturated zones below the surface. Water located in unsaturated zones is simply called "soil water."

Groundwater is primarily stored in "aquifers." Usually, aquifers consist of gravel, sand, clay or fractured rock. Groundwater is stored in the pores and cavities of sediments or in rock fractures. It does not occur as an underground "ocean" or "river" except perhaps in a rare cave-type environment. Aquifers may consist of one continuous "layer" or as several layers stacked-up like pancakes.

How Groundwater Moves

Groundwater is added to (recharged) by water seeping down through the ground and is released (discharged) when it intersects a surface body of water such as a lake or stream or when it is pumped out. The surface area below the ground where the soil or rock is water saturated is called the "water table." The water table is not fixed. It can move up and down as water is removed from or added to the aquifer.

In general, groundwater moves slowly. This is an important concept when considering groundwater contamination. The water can move as slowly as a few inches per year in clays. However, if the aquifer consists of loose sand and gravel, the groundwater can move hundreds of feet per year. Like water at the surface, groundwater moves with the gradient (i.e. downhill). However, groundwater can also move as a result of being under pressure. Pressurized water will move from high to low pressure areas. This works under the same principle as any material under pressure, such as fluid in an aerosol can.

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FORMATION OF PLUMES

The Transport of Chemicals into Groundwater

Chemicals that are spilled or released into soil may dissolve in any water that is present. In some cases, the chemicals may be transported into groundwater by water slowly seeping downward. How fast this occurs and the details are complex, but water generally moves downward. Lateral movement is generally not significant until water reaches the water table. The contaminant concentration reaching groundwater is less than the concentration at the source because of dilution and breakdown that occur along the way.

As contaminants are slowly transported downward, they can chemically interact with other things in the water or soil. This can temporarily or permanently remove the contamination. Natural defense mechanisms such as biological degradation also act to naturally mitigate contamination to varying extents by removing or altering the contaminants. For instance, some bacteria that live naturally in soil and groundwater can metabolize many of the contaminants in gasoline.

Contaminants become "pollution" if they reach concentrations high enough to be judged harmful to humans or the environment. Groundwater standards are set by the United States Environmental Protection Agency (EPA) and state agencies. Contamination can originate from a "point source" such as a leaking underground tank, or from a "non-point" source such as infiltration from agriculture (i.e. pesticides and fertilizers) or urban run-off (i.e. road salt or trace metals left on roads from tires and car emissions).

When contaminants enter the groundwater, they are slowly dispersed to form a diluted cloud or "plume." Chemical reactions and biological breakdown can continue. Pumping, complex flow patterns, chemical and biological processes all affect the travel, size and shape of plumes. Some contaminants may be removed by a process called "adsorption." Adsorption is the process by which a chemical adheres to grains in the soil. Although this does not remove the contaminant, it may immobilize it and help prevent it from spreading.

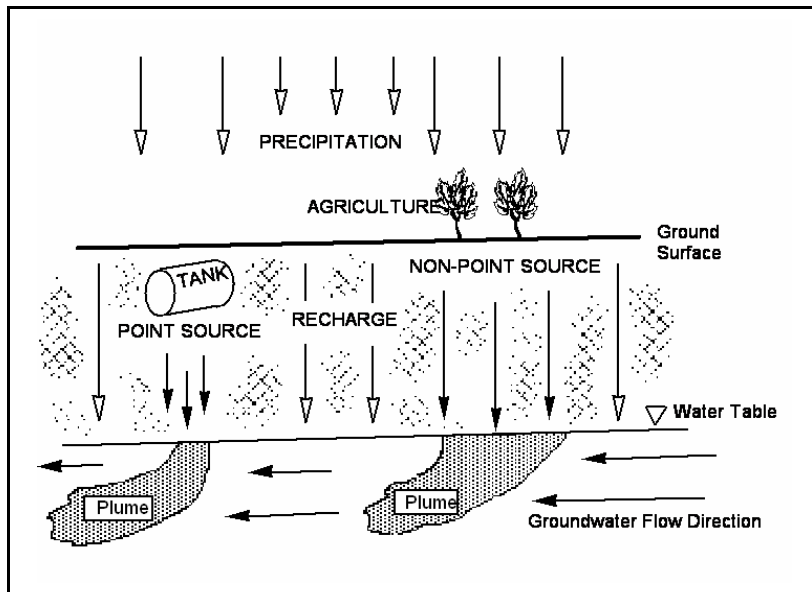


Figure 1. How a contaminant plume forms. A plume forms in the direction of groundwater flow.

The size and extent of plumes are determined using "monitoring wells." Such wells also help track clean-up efforts. Information from monitoring wells and other sources are used to determine appropriate mitigation recommendations. Clean-up methods can vary widely depending on local site conditions.



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LEAKING UNDERGROUND FUEL TANKS

The most common type of contamination comes from leaking underground fuel tanks and piping systems. Underground tanks are common throughout California as well as throughout the United States. These tanks are predominantly used for storing fuel, although solvents used in high technology industries and other substances are stored in this manner also.

Why underground tanks? Many years ago, jurisdictions developed regulations with regards to fuel tanks for the "esthetic" protection of growing cities as well as providing important fire safety measures. For these reasons, the majority of fuel tanks must be buried. Unfortunately, the state building codes that regulate underground fuel tank construction did not keep up with changing technology. The result was that industry used traditional methods in building underground tanks and pipes. Today, there are laws in place that ensure strict building codes are followed in new tank construction, as well as upgrades for all substandard underground tanks.

When an underground tank leaks, the soil and/or groundwater can become contaminated. How much fuel actually gets into the soil depends on how big the leak is and how long the leak continues. Experience shows that leaking fuel "seeps" into the ground at a generally slow rate and usually does not travel very far. "Seeping" fuel into the soil can be likened to wetting the corner of a sponge. With only a small amount of water, only the corner gets wet and the rest of the sponge remains dry.

If a leaking underground fuel tank is discovered, the tank owner or responsible party must notify the appropriate Regional Water Quality Control Board (RWQCB) or county-level agency and submit an "unauthorized release form". The responsible party must also make every effort to stop the leak and empty the tank if necessary. The RWQCB or county-level agency will then undertake the lead in clean-up efforts, with the tank owner or responsible party reporting directly to them. Until investigation and cleanup are complete, the tank owner or responsible party must submit reports detailing cleanup efforts to the lead agency at least every three months. If the investigation fails to confirm that a leak has actually occurred, no further corrective action will be required. For those Sites that do require corrective action, the cleanup process could take a few months to many years, depending on the severity of the leak.

Additional information may be available through the Public Safety Officer or Hazardous Materials Specialist in the city who is often within the Fire Department or Public Works Department.

WHAT IS A "SUPERFUND" SITE?

"Superfund" is a common term for a piece of legislation called the "Comprehensive Environmental Response, Compensation, and Liability Act", which was enacted by Congress on December 11, 1980, and is enforced by the United States Environmental Protection Agency (EPA). This legislation provides funding for clean up at the worst hazardous waste Sites in the United States. Because the moneys involved in clean up are large, this federal statute was dubbed "Superfund."

The purpose of Superfund is to clean up or mitigate hazardous materials that pose an immediate and substantial danger to the public or the environment. This could be a chemical "spill" that requires immediate response or a site that requires long-term clean-up action. The chemicals found at Superfund Sites can vary but some have included familiar contaminants such as arsenic, lead and mercury. Other lesser known contaminants include toluene, pentachlorophenol and vinyl chloride. This Act also holds polluters liable for clean-up expenses as well as forces responsible parties to take clean-up actions.

How does a site get on the Superfund list? Proposed Sites are brought to the EPA's attention in several ways. It could come from notification by the owner, complaints by citizens, identification by a state or local jurisdiction, or by special EPA investigations. A site is then placed on the Superfund, or "National Priorities List" (NPL) once the EPA determines that it represents a long-term threat to public health or the environment. The EPA makes this determination by evaluating such things as the likelihood that a site has released or has the potential to release hazardous substances into the environment, the characteristics of the waste (e.g. toxicity and waste quantity), and the number of people affected by the release.

The government believes that "Superfund" funding is warranted if the site poses a significant and immediate health concern. Even if federal funding is not provided, the site may require action under other statutes.



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DRINKING WATER: TAP VS. PRIVATE WELL

Being in proximity to a contaminated site occasionally raises concern regarding the quality of the drinking water and whether or not the contamination is present in that water. One important question to keep in mind is "where does the drinking water come from... a municipal water system or a private well?" The answer to this question will help to resolve the issue of contamination.

In general, homes in urban areas are typically hooked up to a municipal water system. The water from this type of system is commonly referred to as "tap water". Municipal water suppliers are required to meet stringent drinking water standards set forth by the US EPA. These drinking water suppliers provide reports, sometimes called consumer confidence reports, which outline where the water comes from and what substances are in it. The municipal water supplier should be able to provide these reports upon request.

On the other hand, if a home is not hooked up to a municipal water source but instead is using a private well on the property, then the US EPA regulations do not apply. The homeowner is responsible for the quality and safety of the drinking water. Keep in mind that being in proximity to a contaminated site does not necessarily mean the well will be contaminated. There is always the possibility that the contamination could be traveling in the opposite direction to where the private well is located, in which case the well water would remain uncontaminated. Another possibility is that the contamination could be at a much shallower depth than where the private well is drawing water. If the private well is deep, then it possibly can bypass contamination at more shallow depths. In any case, the US EPA recommends that well owners have their water tested annually.

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For additional general information on environmental topics, contact the Public Affairs office of the California Environmental Protection Agency. This should be listed in the State government section of the local telephone book. Another good source of information may be found by contacting the environmental or hazardous materials specialist in the City or County Department of Health.