



Understanding
**Preliminary
Reports**

PRESENTED BY:



PLACER TITLE COMPANY
A MOTHER LODGE COMPANY

WWW.PLACERTITLE.COM

Placer, Putting People First.

PLACER TITLE COMPANY

UNDERSTANDING PRELIMINARY REPORTS

After searching, you've finally found it — the perfect home for your clients. But is it perfect? Will they be purchasing more than just a beautiful home? Will they also be acquiring liens placed on the property? Have documents been recorded that will restrict the use of the property? The Preliminary Report will provide you with the opportunity, prior to purchase, to review matters affecting the property which will be excluded from coverage under your title insurance policy, unless removed or eliminated before the purchase.

To help you better understand this often bewildering subject, Placer Title Company has answered some of the questions most commonly asked about Preliminary Reports.



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WHAT IS A PRELIMINARY REPORT?

A Preliminary Report is a report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent title insurance policy.

WHAT ROLE DOES A PRELIMINARY REPORT PLAY IN THE PURCHASE PROCESS?

A Preliminary Report contains the conditions under which the title company will issue a particular type of title insurance policy. The Preliminary Report lists in advance of purchase any title defects, liens and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the Preliminary Report. The report may then be reviewed and discussed by the parties involved in the real estate transaction and their agents. Thus, a Preliminary Report provides the opportunity to seek the removal of items referenced in the report which may be objectionable to the buyer prior to making the purchase.

WHEN AND HOW IS A PRELIMINARY REPORT PRODUCED?

Shortly after escrow is opened, an order will be placed with the title company which then begins the process involved in producing the Preliminary Report. This process calls for the assembly and review of certain recorded matters relative to both the property and the parties to the transaction. Examples of recorded matters include a deed of trust recorded against the property or a lien recorded against the buyer or seller for an unpaid court award or unpaid taxes. These recorded matters are listed numerically as “exceptions” in the Preliminary Report. They will remain exceptions from title insurance coverage unless eliminated or released prior to the transfer of title.

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WHAT SHOULD I LOOK FOR WHEN READING A PRELIMINARY REPORT?

- ☐ Review the ownership interest in the property as well as any claims, restrictions or interests by other people involving the property.
- ☐ Note the statement of vesting which indicated the degree, quantity, nature and extent of the owner's interest in the real property. The most common form of interest is "fee simple" or "fee" — the highest type of interest an owner can have in land.
- ☐ Liens, restrictions and interests of others which are being excluded from coverage will be listed numerically as "exceptions" in the Preliminary Report. These may be claims by creditors who have liens or liens for payment of taxes or assessments.
- ☐ There may also be recorded restrictions which have been placed in a prior deed or contained in what are termed CC&Rs — covenants, conditions and restrictions.
- ☐ Interests of third parties are not uncommon and may include easements given by a prior owner which would limit the use of the property. A buyer may not wish to have these claims or restrictions on the property and may want to clear the unwanted items prior to purchase.
- ☐ In addition to the limitations noted above, a printed list of standard exceptions and exclusions listing items not covered by the title insurance policy may be attached as an exhibit item to the report. Unlike the numbered exclusions, which are specific to the property, these are standard exceptions and exclusions appearing in title insurance policies. The review of this section is important as it sets forth matters which will not be covered under the title insurance policy but which a buyer may wish to investigate, such as governmental laws or regulations governing building or zoning.

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WILL THE PRELIMINARY REPORT DISCLOSE THE COMPLETE CONDITION OF THE TITLE TO A PROPERTY?

No; it is important to note that the Preliminary Report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land, but merely report the current ownership and matters that the title company will exclude from coverage if a title insurance policy should later be issued.

IS A PRELIMINARY REPORT THE SAME THING AS TITLE INSURANCE?

Definitely not. A Preliminary Report is an offer to insure, it is not a report of a complete history of recorded documents relating to the property. A Preliminary Report is a statement of terms and conditions of the offer to insure a title insurance policy, not a representation as to the condition of title.

These distinctions are important for the following reasons:

- ☐ No contract or liability exists until the title insurance policy is issued.
- ☐ The title insurance policy is issued to a particular insured person and others cannot claim the benefit of the policy.

PLACER TITLE COMPANY

CUSTOMER DISTRIBUTION

Date: 12-06-2012

Order Number: 102-12345

Cust. Ref.: BURROUGHS

Property Address:

1234 CRYSTAL RIVER WAY, FAIR OAKS, CA 95828

1

BEST HOMES REALTY
11111 FAIR OAKS BLVD.
FAIR OAKS, CA 95628
Attn: FILBERT SELLWELL
Copies: 1
E-Mail

TBD

ROBERT M L. SELLERMAN AND MARY SELLERMAN
1234 CRYSTAL RIVER WAY
FAIR OAKS, CA 95828

THOMAS BURROUGHS AND CYNTHIA BURROUGHS
123 MAIN STREET
ROSEVILLE, CA 95678

PLACER TITLE COMPANY
193 FULWEILER AVENUE
AUBURN, CA 95603
Attn: SUZY ESCROW
Phone: 530-885-7722
Fax: 530-885-1592
Copies: 1
EMail: sescrow@placertitle.com

PLACER TITLE COMPANY

Preliminary Report

3

Issued By:

Order No. 102-12345

PLACER TITLE COMPANY
193 FULWEILER AVENUE
AUBURN, CA 95603

Escrow Officer: Suzy Escrow

Phone: 530-885-7722

Fax: 530-885-1592

Escrow Officer Email: sescrow@placertitle.com

Email Loan Docs To: 102edocs@placertitle.com

Customer Reference: BURROUGHS

2

Property Address: 1234 CRYSTAL RIVER WAY, FAIR OAKS, CA 95828

6

In response to the above referenced application for a policy of title insurance, **PLACER TITLE COMPANY** hereby reports that it is prepared to issue, or cause to be issued, through one of its authorized underwriters, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

7

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in the attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in the attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

8

PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN THE ATTACHED CAREFULLY. THE EXCEPTIONS AND EXCLUSIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS WHICH ARE NOT COVERED UNDER THE TERMS OF TITLE INSURANCE POLICY AND SHOULD BE CAREFULLY CONSIDERED.

IT IS IMPORTANT TO NOTE THAT THIS PRELIMINARY REPORT IS NOT A WRITTEN REPRESENTATION AS TO THE CONDITION OF TITLE AND MAY NOT LIST ALL LIENS, DEFECTS AND ENCUMBRANCES AFFECTING TITLE TO THE LAND.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of December 06, 2012 at 7:30 a.m.

5

Title Officer: Cy Airo

4

Order No. 102-12345

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

9

2008 CLTA/ALTA Homeowner's Policy
2006 ALTA Loan Extended Coverage Policy (6/17/06)

The estate or interest in the land hereinafter described or referred to covered by this Report is:

10

A FEE SIMPLE, AS TO PARCEL ONE, AN EASEMENT AS TO PARCEL TWO

Title to said estate or interest at the date hereof is vested in:

11

ROBERT M. SELLERMAN AND MARY K. SELLERMAN , HUSBAND AND WIFE, AS JOINT TENANTS

The land referred to herein is described as follows:

SEE EXHIBIT "A" ATTACHED

EXHIBIT "A"
LEGAL DESCRIPTION

12

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE

LOT 23, AS SHOWN ON THE "PLAT OF MADISON AVENUE ESTATES", FILED DECEMBER 14, 1976, IN BOOK 24 OF MAPS, MAP NO. 10, SACRAMENTO COUNTY RECORDS.

APN 212-0762-975

13

EXCEPTING THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER OR THAT MAY BE PRODUCED FROM A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY.

PARCEL TWO

14

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS PURPOSES, AS AN APPURTENANCE TO PARCEL ONE ABOVE, OVER THE NORTHWESTERN 30 FEET, RIGHT ANGLE MEASUREMENTS, OF LOT 24 AS SHOWN ON THE "PLAT OF MADISON AVENUE ESTATES", FILED DECEMBER 14, 1976, IN BOOK 24 OF MAPS, MAP NO. 10, SACRAMENTO COUNTY RECORDS.

EXCEPTIONS

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

- 15 1. **TAXES, SPECIAL AND GENERAL, ASSESSMENT DISTRICTS AND SERVICE AREAS FOR THE FISCAL YEAR 2012-2013, A LIEN, NOT YET DUE OR PAYABLE.**
- 16 2. **TAXES, SPECIAL AND GENERAL, ASSESSMENT DISTRICTS AND SERVICE AREAS FOR THE FISCAL YEAR 2011-2012:**
1ST INSTALLMENT: \$1,096.99 OPEN
2ND INSTALLMENT: \$1,096.99 OPEN
ASSESSED VALUATIONS:
LAND: \$84,338.00
IMPROVEMENTS: \$129,321.00
EXEMPTION: \$7,000.00
PARCEL NO.: 212-0762-975
CODE AREA: 54-467
ASSESSMENT NO.: 02458798

NOTE: FIRST INSTALLMENT IS DUE NOVEMBER 1 AND DELINQUENT DECEMBER 10,
SECOND INSTALLMENT IS DUE FEBRUARY 1 AND DELINQUENT APRIL 10.
- 17 3. **THE HEREIN DESCRIBED PROPERTY HAS BEEN DECLARED TAX DEFAULTED FOR NON-PAYMENT OF DELINQUENT TAXES FOR THE FISCAL YEAR 2008-2009 AND SUBSEQUENT YEARS, IF ANY. SALE NO. 12345:**
AMOUNT TO REDEEM PRIOR TO AUGUST 01, 2012, IS \$2,700.00.
AMOUNT TO REDEEM PRIOR TO SEPTEMBER 01, 2012, IS \$2,748.00.
AMOUNT TO REDEEM PRIOR TO OCTOBER 01, 2012, IS \$2,797.00.
PARCEL NO. 212-0762-975
- 18 4. **COUNTY BOND, 1911 BOND ACT, BOND NO. 314, SERIES NO. 9378, ASSESSMENT NO. 123, IN THE ORIGINAL AMOUNT OF NOT SHOWN, FOR IMPROVEMENTS OF FAIR OAKS STREET LIGHTING ASSESSMENT DISTRICT ASSESSMENT DISTRICT. ALL PAYMENTS DUE HAVE BEEN PAID.**
- 19 5. **THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5, (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE, OF THE STATE OF CALIFORNIA.**
- 20 6. **THE HEREIN DESCRIBED PROPERTY LIES WITHIN THE BOUNDARIES OF THE FAIR OAKS WATER DISTRICT AND IS SUBJECT TO ASSESSMENT FOR THE CALENDAR YEAR 2012.**

FOR ASSESSMENT INFORMATION CONTACT THE DISTRICT AT (916) 967-5723.

EXCEPTIONS
(Continued)

21 7. ANY UNPAID AMOUNTS NOW OWING FOR UTILITIES, OF RECORD OR NOT, DUE THE COUNTY OF SACRAMENTO OR ANY CITY IN WHICH THE PROPERTY IS LOCATED. AMOUNTS MAY BE ASCERTAINED BY CONTACTING THE COUNTY OF SACRAMENTO AT 916-875-5555 OR THE APPROPRIATE CITY OFFICE.

22 8. AN EASEMENT OVER SAID LAND FOR ELECTRICAL AND GAS FACILITIES AND INCIDENTAL PURPOSES AND INCIDENTAL PURPOSES, AS GRANTED TO PACIFIC GAS AND ELECTRIC, IN DEED RECORDED FEBRUARY 01, 1972, BOOK 720201, PAGE 186, OFFICIAL RECORDS.

AFFECTS: THE WESTERLY 5 FEET

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

23 9. DEDICATIONS AS SET FORTH AND SHOWN ON THE OFFICIAL MAP OF SAID SUBDIVISION AS FOLLOWS:

- A. SET BACK OVER THE WESTERLY 25 FEET
- B. UTILITY EASEMENTS OVER THE WESTERLY 12.5 FEET
- C. PLANTING AND MAINTAINING TREES OVER THE WESTERLY 12.5 FEET

24 10. TERMS, PROVISIONS, COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS, PROVIDED IN THE COVENANTS, CONDITIONS AND RESTRICTIONS, BUT OMITTING ANY COVENANT, CONDITION OR RESTRICTION, IF ANY, BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT THE COVENANT, CONDITION OR RESTRICTION (A) IS EXEMPT UNDER TITLE 42 OF THE UNITED STATES CODE, OR (B) RELATES TO HANDICAP, BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS, IN DOCUMENT RECORDED DECEMBER 14, 1976, BOOK 19761214, PAGE 1, OFFICIAL RECORDS.

NOTE: SECTION 12956.1 OF THE GOVERNMENT CODE PROVIDES THE FOLLOWING: "IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS."

CONTAINS: MORTGAGEE PROTECTION CLAUSE.

25 11. DEED OF TRUST TO SECURE AN INDEBTEDNESS OF \$167,500.00, DATED JUNE 29,

EXCEPTIONS
(Continued)

25 1998, RECORDED JULY 07, 1998, BOOK 19980707, PAGE 281, OFFICIAL RECORDS.

TRUSTOR: ROBERT M. SELLERMAN AND MARY K. SELLERMAN
TRUSTEE: T.D. SERVICE COMPANY
BENEFICIARY: WESTERN SUNRISE AKA CROSSLAND MORTGAGE CORP.
LOAN NO.: 7006356

26 THE BENEFICIAL INTEREST UNDER SAID DEED OF TRUST WAS ASSIGNED OF RECORD TO CHASE MANHATTAN MORTGAGE CORPORATION, BY ASSIGNMENT RECORDED DECEMBER 23, 1999, BOOK 19991223, PAGE 764, OFFICIAL RECORDS.

27 PLACER TITLE COMPANY, WAS SUBSTITUTED AS TRUSTEE UNDER SAID DEED OF TRUST BY INSTRUMENT RECORDED SEPTEMBER 09, 2002, BOOK 20020909, PAGE 86, OFFICIAL RECORDS.

28 NOTICE OF DEFAULT UNDER THE TERMS OF SAID DEED OF TRUST RECORDED SEPTEMBER 09, 2002, BOOK 20020909, PAGE 86, OFFICIAL RECORDS.

12. DEED OF TRUST TO SECURE AN INDEBTEDNESS OF \$60,000.00, DATED AUGUST 08, 2001, RECORDED SEPTEMBER 04, 2001, BOOK 20010904, PAGE 456, OFFICIAL RECORDS.

29 TRUSTOR: ROBERT M. SELLERMAN AND MARY K. SELLERMAN
TRUSTEE: AMERICAN SECURITIES COMPANY
BENEFICIARY: WELLS FARGO BANK, N.A.
LOAN NO.: NOT SHOWN

30 SAID WAS SUBORDINATED TO THE LIEN OF THE DEED OF TRUST IN EXCEPTION NO. 11, BY INSTRUMENT RECORDED SEPTEMBER 04, 2001, BOOK 20010904, PAGE 342, OFFICIAL RECORDS.

31 BY MESNE ASSIGNMENTS OF RECORD THE BENEFICIAL INTEREST UNDER SAID DEED OF TRUST WAS ASSIGNED OF RECORD TO AMERICAN MORTGAGE COMPANY, BY ASSIGNMENT RECORDED JULY 23, 2002, BOOK 20020723, PAGE 45, OFFICIAL RECORDS.

32 SAID DEED OF TRUST SECURES AN ADDITIONAL ADVANCE OF \$15,000.00 , AS DISCLOSED BY INSTRUMENT DATED AUGUST 23, 2002, EXECUTED BY ROBERT M. SELLERMAN AND MARY K. SELLERMAN , RECORDED AUGUST 24, 2002, BOOK 20020824, PAGE 772, OFFICIAL RECORDS.

13. ABSTRACT OF JUDGMENT ENTERED ON MAY 25, 1998, IN THE AMOUNT OF \$2,365.30, PLUS INTEREST AND COSTS, CASE NO. 7765, SUPERIOR COURT, SACRAMENTO COUNTY, CALIFORNIA, MACY'S, CREDITOR, AGAINST ROBERT M.

33

EXCEPTIONS
(Continued)

SELLERMAN AND MARY K. SELELRMAN, DEBTOR, RECORDED JUNE 04, 1998, BOOK 19980604, PAGE 34, OFFICIAL RECORDS.

14. A TAX LIEN FOR THE AMOUNT SHOWN AND ANY OTHER AMOUNTS DUE, IN FAVOR OF THE UNITED STATES OF AMERICA, ASSESSED BY THE DISTRICT DIRECTOR OF INTERNAL REVENUE, AGAINST ROBERT M. SELLERMAN AND MARY K. SELLERMAN, FEDERAL SERIAL NO. 7654321-3 IN THE AMOUNT OF \$936.50, RECORDED AUGUST 23, 2002, BOOK 20020803, PAGE 765, OFFICIAL RECORDS.

15. A TAX LIEN FOR THE AMOUNT SHOWN AND ANY OTHER AMOUNTS DUE, IN FAVOR OF THE STATE OF CALIFORNIA, FILED BY THE FRANCHISE TAX BOARD UNDER THE PERSONAL INCOME ACT, AGAINST ROBERT M. SELLERMAN AND MARY K. SELLERMAN, CERTIFICATE NO. 555-12-3456, IN THE AMOUNT OF \$753.21, RECORDED SEPTEMBER 23, 2002, BOOK 20020923, PAGE 556, OFFICIAL RECORDS.

16. THE REQUIREMENT THAT A CONFIDENTIAL STATEMENT OF IDENTITY BE SUBMITTED FROM ROBERT M. SELLERMAN AND MARY K. SELLERMAN.

ADDITIONAL MATTERS MAY BE REFLECTED AS EXCEPTIONS DEPENDING ON THE IDENTITY OF SAID PARTY OR PARTIES.

*** CHAIN OF TITLE REPORT:

ACCORDING TO THE PUBLIC RECORDS, NO DEEDS CONVEYING THE PROPERTY DESCRIBED IN THIS REPORT HAVE BEEN RECORDED WITHIN A PERIOD OF 2 YEARS PRIOR TO THE DATE OF THIS REPORT, EXCEPT AS SHOWN HEREIN;

NONE

*** LENDER'S SUPPLEMENTAL ADDRESS REPORT:

THE ABOVE NUMBERED REPORT IS HEREBY MODIFIED AND/OR SUPPLEMENTED TO REFLECT THE FOLLOWING ADDITIONAL ITEMS RELATING TO THE ISSUANCE OF AN AMERICAN LAND TITLE ASSOCIATION LOAN FORM POLICY.

PLACER TITLE COMPANY STATES THAT THE HEREIN DESCRIBED PROPERTY IS A SINGLE FAMILY RESIDENCE AND THAT THE PROPERTY ADDRESS IS:

1234 CRYSTAL RIVER WAY, FAIR OAKS, CA 95828

*** CANCELLATION NOTE:

THIS REPORT IS SUBJECT TO A MINIMUM CANCELLATION CHARGE OF \$400.00 AS REQUIRED BY SECTION 12404 OF INSURANCE CODE AND RULE 2 OF BULLETIN NO. NS-35E.

DISCLOSURE OF DISCOUNTS:

You may be entitled to a discount on your title premiums and/or escrow fees if you meet any of the following conditions:

1. You are an employee of the title insurer or Placer Title and the property is your primary residence; or
2. The transactions is a loan, the purpose of which is to rebuild the improvements on the property as a result of a governmentally declared disaster; or
3. The property is being purchased or encumbered by a religious, charitable or nonprofit organization for its use within the normal activities for which such entity was intended.

Please advise the company if you believe any of the above discounts apply.

LENDER'S NOTE:

APPROVAL FOR THE ISSUANCE OF THE 1970 ALTA LENDER'S POLICY FORM MUST BE REQUESTED AND APPROVED PRIOR TO CLOSE OF ESCROW. ALL OTHER FORMS OF FULL COVERAGE LOAN POLICIES THAT ARE AUTHORIZED TO BE ISSUED ARE THE 1992 AND 2006 POLICIES.

BUYER'S NOTE:

If an ALTA Residential Owner's Policy is requested and if the property described herein is determined to be eligible for this policy, the following Exceptions From Coverage will appear in the policy:

1. Taxes or assessments which are not shown as liens by the public records or by the records of any taxing authority.
2. (a) Water rights, claims or title to water; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) unpatented mining claims; whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
3. Any rights, interests or claims of parties in possession of the land which are not shown by the public records.
4. Any easements or liens not shown by the public records. This exception does not limit the lien coverage in Item 8 of the Covered Title Risks.
5. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This exception does not limit the forced removal coverage in Item 12 of the Covered Title Risks.

CLTA PRELIMINARY REPORT FORM
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS
(Revised 06/17/06)

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

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

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

EXCEPTIONS FROM COVERAGE
SCHEDULE B, PART I

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

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

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning: a. building; b. zoning; c. Land use; d. improvements on the Land; e. Land division; f. environmental protection
This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless: a. a notice of exercising the right appears in the Public Records at the Policy Date; or b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks: a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records; b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date; c. that result in no loss to You; or d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right: a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and b. in streets, alleys, or waterways that touch the Land. This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

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

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

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

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 5,000.00

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

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - * Land use
 - * Improvements on the land
 - * Land division
 - * Environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - * a notice of exercising the right appears in the public records
 - * on the Policy Date
 - * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - * that are created, allowed, or agreed to by you
 - * that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - * that result in no loss to you
 - * that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - * to any land outside the area specifically described and referred to in Item 3 of Schedule AOR
 - * in streets, alleys, or waterways that touch your land

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

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

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

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

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

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

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

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

2006 ALTA LOAN POLICY (06/17/06) EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;

- (iii) the subdivision of land; or
 - (iv) environmental protection;
- or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

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

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

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

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10/17/92)

EXCLUSIONS FROM COVERAGE

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting

from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

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

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

2006 ALTA OWNER'S POLICY (06/17/06)

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

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

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

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

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.

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

**NOTICE
FEDERAL FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA)**

Upon the sale of United States real property, by a non-resident alien, foreign corporation, partnership or trust, the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), and as revised by the Tax Reform Act of 1984 (26 USCA 897 (C)(1)(A)(1) and 26 USCA 1445) requires the transferee (Buyer) of real property to withhold Internal Revenue Service income taxes in an amount equal to ten (10%) percent of the sale price from seller's proceeds, if ANY of the following conditions are met:

- (1) The selling price is greater than \$300,000.00
- (2) The selling price is less than \$300,000 AND the purchaser does not intend to occupy the property as his residence for at least 50% of the time of the first two 12 month periods following the date of transfer.

Withholding is not required if both of the following conditions are met:

- (1) The selling price is less than \$300,000
and
- (2) The Buyer is acquiring the property as his residence, and the buyer or other qualifying family member will occupy the property for at least 50% of the time during each of the first 12-month periods following transfer of title to the buyer.

If the purchaser who is required to withhold income tax from the seller fails to do so, the purchaser is subject to fines and penalties as provided under Internal Revenue Code Section 1445. The seller may request a waiver or a reduced withholding amount by submitting a written request for a "qualifying statement" or "withholding certificate" (Form 8288-B) to:

Director, Internal Revenue Service
Philadelphia Service Center
P.O. Box 21086
Philadelphia, PA 19114-0586

Escrow Holder will, upon written instructions from the purchaser, withhold Federal Income Tax from the seller and will deposit said tax with the Internal Revenue Service, together with IRS Forms 8288 and 8288-A. The fee charged for this service is \$25.00 payable to the escrow holder.

CALIFORNIA WITHHOLDING

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a transferee (Buyer) may be required to withhold an amount equal to 3 1/3 percent of the sales price or an alternative withholding amount certified to by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary or the seller, OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00), OR
2. The seller executes a written certificate, under the penalty of perjury, of any of the following:
 - A. The property qualifies as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121; or
 - B. The seller is (or decedent, if being sold by the decedent's estate) last used the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period; or
 - C. The seller has a loss or zero gain for California income tax purposes on this sale; or
 - D. The property is being compulsorily or involuntarily converted and the seller intends to acquire property that is similar or related in service or use to qualify for non-recognition of gain for California income tax purposes under IRC Section 1033; or
 - E. If the transfer qualifies for non-recognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest); or
 - F. The seller is a corporation (or an LLC classified as a corporation for federal and California income tax purposes that is either qualified through the California Secretary of State or has a permanent place of Business in California; or
 - G. The seller is a partnership (or an LLC that is not a disregarded single member LLC and is classified as a partnership for federal and California income tax purposes) with recorded title to the property in the name of the partnership or LLC; or
 - H. The seller is a tax-exempt entity under either California or federal law; or
 - I. The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust; or
 - J. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031; or
 - K. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031; or
 - L. The transfer of this property will be an installment sale that you will report as such for California tax purposes and the buyer has agreed to withhold on each principal payment instead of withholding the full amount at the time of transfer.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

**NOTICE
DEPOSIT OF FUNDS AND DISBURSEMENT DISCLOSURE**

Unless you elect otherwise (as described below), all funds received by **PLACER TITLE COMPANY** (the "Company") in escrow will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the Company in a financial institution selected by the Company. The depositor acknowledges that the deposit of funds in a non-interest bearing demand account by Escrow Holder may result in said company receiving a range of economic benefits from the bank in the form of services, credits, considerations, or other things of value. The depositor hereby specifically waives any claim to such economic benefits payable to Escrow Holder resulting from non-interest bearing deposits. Unless you direct the Company to open an interest-bearing account (as described below), the Company shall have no obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by the Company and/or its affiliated company. Any such benefits shall be deemed additional compensation of the Company for its services in connection with the escrow.

If you elect, funds deposited by you prior to the close of escrow may be placed in an individual interest-bearing account arrangement that the Company has established with one of its financial institutions. You do not have an opportunity to earn interest on the funds deposited by a lender. If you elect to earn interest through this special account arrangement, the Company will charge you an additional fee of \$50.00 for the establishment and maintenance of the account. This fee compensates the Company for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes, and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn.

Funds deposited in an interest-bearing account will be withdrawn from such account and deposited in the Company's general escrow trust account approximately two business days prior to the scheduled close of escrow or other disbursement of such funds. If you wish to have your funds placed in an interest bearing account (with an accompanying charge of \$50.00), please mark below, sign and return this form to your escrow officer. In addition, you must complete and return IRS Form W-9. If you do not want to have your funds deposited in an interest-bearing account, you do not need to sign or return this notice and the Company will understand you to have elected to have your funds deposited in a non-interest bearing account. If you change your mind and later wish to have your funds placed in an interest-bearing account, please contact your escrow officer.

The funds you deposit are insured only to the limit provided by the Federal Deposit Insurance Corporation.

☐ **PLEASE CONSIDER THIS MY/OUR INSTRUCTION TO PLACE MY/OUR DEPOSIT(S) IN A SEGREGATED, INTEREST-BEARING ACCOUNT. I/WE UNDERSTAND THAT AN ADDITIONAL FEE OF \$50.00 WILL BE CHARGED FOR THIS SERVICE. I/WE HAVE READ AND UNDERSTAND ALL OF THE ABOVE INFORMATION.**

Signature

Social Security Number

Date

Signature

Social Security Number

Date

PRIVACY POLICY NOTICE

Purpose Of This Notice

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of a persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of:

Commonwealth Land Title Insurance Company
Fidelity National Title Insurance Company
First American Title Insurance Company
First American Title Insurance Company of New York
Lawyers Title Insurance Corporation
Montana Title and Escrow Company
National Closing Solutions
National Closing Solutions of Alabama, LLC
NCS Exchange Professionals
North Idaho Title Insurance Company
Old Republic National Title Insurance Company

Placer Title Company
Placer Title Insurance Agency of Utah
Stewart Title Guaranty Company
Stewart Title Insurance Company
Targhee National Title
The Sterling Title Company
Ticor Title Insurance Company
Transnation Title Insurance Company
United General Title Insurance Company
Westcor Land Title Insurance Company
Wyoming Title and Escrow Company

We may collect nonpublic personal information about you from the following sources:

- * Information we receive from you, such as on applications or other forms.
- * Information about your transactions we secure from our files, our affiliates or others.
- * Information we receive from a consumer reporting agency.
- * Information we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

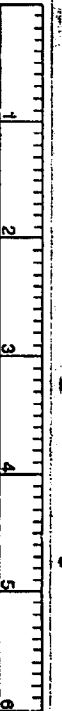
We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- * Financial service providers such as companies engaged in banking, consumer finances, securities and insurance.
- * Nonfinancial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

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

SCALE IN 1/10 OF AN INCH

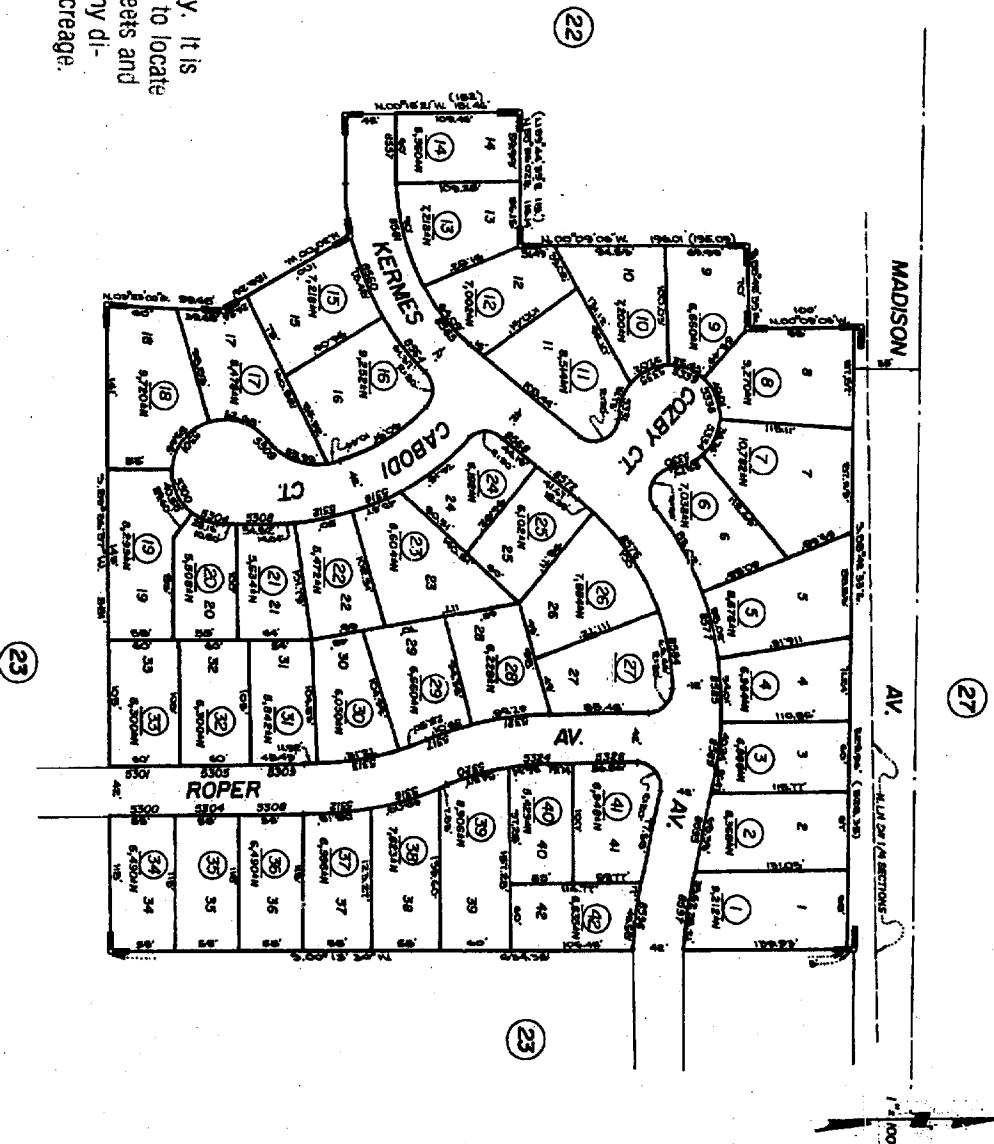


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POR. SEC. 5, T.9N., R.7E., M.D.B. & M.

253-32

PLACER TITLE COMPANY
"Important: This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings or acreage."



PLACER TITLE COMPANY

DESCRIPTION OF ITEMS WITHIN SAMPLE PRELIMINARY REPORT

1. The firm name, address and name of the individual who placed the order for the Preliminary Report. It is also used for mailing purposes.
2. This number identifies the customer's escrow file for the property and includes the Escrow Officer's initials for easy identification.
3. This number identifies Placer Title Company's title order for the property.
4. The name of the Title Officer handling the order appears here.
5. This represents the date and time up to which matters affecting title to the land therein described have been examined and reported therein. This normally is the same as the "plant date" (i.e., the date to which the title plant records of the land and the "G.I." have been posted).
6. This paragraph references that the company is prepared to issue the policy elsewhere referred to and points out the fact that there are exceptions and exclusions in the policy form and additional exceptions listed in the report which would not be insured against.
7. This paragraph points out the fact that the language of preprinted exceptions and exclusions is set forth verbatim in Exhibit A and encourages the reading of the policy forms.
8. This paragraph specifies that no liability is ever intended under a Preliminary Report and further indicated what should be requested if the customer desires assumption of liability prior to policy issuance.
9. This references the form of policy to be issued.
10. A fee — the word "estate" is used to express the degree, quantity, nature, duration or extent of an interest in land. A "fee" is the highest type of estate or interest an owner can have in land, freely transferable and inheritable, and whose owner is entitled to possession. (There are a number of other estates or interests in land that PTC does not insure.)
11. This identifies who the owner of record is and how title is held.
12. The legal description of the land covered by Preliminary Report.
13. The oil, gas and other hydrocarbon substances have been severed from the ownership of the surface and are not owned (referred to in (9) above). Thus, said mineral interests are excluded from coverage. Please note, however, unless stated otherwise, the owner of the mineral rights has no right to use surface of the land.
14. Parcel Two is an easement over other property to be used for ingress and egress. An easement is only a right to use a certain area, for a specific purpose.

Placer, Putting People First.

PLACER TITLE COMPANY

DESCRIPTION OF ITEMS WITHIN SAMPLE PRELIMINARY REPORT (CONTINUED)

15. & 16. Taxes. The first item shown on Schedule B is a statement regarding the amount and status of the current year's taxes (e.g., taxes now a lien, now due, or respective installments paid or unpaid).
17. Tax Default. If there are tax delinquencies for a prior year (or years), the amount including penalty and interest to redeem prior to a certain future date is shown here.
18. Bonds or assessments (if any) levied at the inception of construction of improvements (e.g., as streets, gutters, sidewalks, sewers, etc. under an approved district) are shown here.
19. Supplemental Taxes. Tax reassessments which are levied upon the transfer of ownership or new construction on the land are shown here.
20. Charges for local water service assessments.
21. Charges for county utility services.

From this point onward, the items shown in the Preliminary Report will be shown chronologically, with the oldest first. Although this approach is normal from the standpoint of the examiner, the items are not necessarily shown in strict order of priority.

22. Record Easements. An easement is a right or interest in the land of another which entitles the holder thereof to some use privilege or benefit (e.g. to install poles and wires, pipe lines, roads for travel, etc.) upon or over said land.
23. Easements created on filed subdivision map.
24. This document contains covenants, conditions and restrictions. A restriction is a limitation upon the use of the property. Restrictions generally establish use, type of improvements, their design, set back lines, etc. Restrictions affecting a tract of land containing many lots establish uniformity.
25. Deed of Trust. A deed of trust is a three-party instrument under which an owner of land (trustor) conveys land to a trustee for the benefit of the lender (beneficiary) to secure the borrower's obligation (usually payment of money evidenced by a promissory note) to the lender. The trustee has limited powers (reconvey, foreclose, non-judicially, etc.) as specifically conferred to it by the beneficiary.

PLACER TITLE COMPANY

DESCRIPTION OF ITEMS WITHIN SAMPLE PRELIMINARY REPORT (CONTINUED)

26. Assignment. An assignment is the transfer of the beneficial interest under the deed of trust from the original beneficiary or successor in interest to another.
27. Substitution of Trustee. Here, a new trustee is substituted in for the original trustee.
28. Notice of Default. The obligations under the trust deed were not met (e.g., failure to pay monthly installments) and therefore, a notice of said default was recorded. Notice here the chronology of the items affecting the first deed of trust.
29. Deed of Trust. Another deed of trust was recorded on the same day as the previous deed of trust as Item (6).
30. Subordination Agreement. The parties have agreed that this last deed of trust is to be “second” trust deed or a junior lien to the trust deed shown previously above. The recorded subordination agreement states this fact. The agreement may be a separate instrument or in some cases may be incorporated within the deed of trust, which is to become subordinate.
31. Assignments. Same as under Explanatory Note (26), except that there were several assignment. Also note the chronology of the items affecting this second deed of trust.
32. Additional Advance Recording of a notice of additional advance is not required by law; however, some lenders will require the recording of a notice. Although, the original deed of trust (or as modified) may secure further or future advances, the deed of trust’s priority insofar as it secures future advance depends on: a) whether advances are obligatory or optional with the beneficiary, and b) if optional, whether at the time of making the advance the beneficiary had knowledge of intervening rights.
33. An Abstract of Judgment. Imposes a lien as of the date of recording on this and other real and personal property now owned or hereafter acquired by the debtor until satisfaction or expiration of the lien.
34. Federal Tax Liens. Under Federal law, any revenue tax that remains unpaid after demand becomes a lien on all property and rights to property (includes real and personal property) of the person liable. Therefore, from the time the assessment is made, valid however against any purchaser, holder of a security interest, mechanic’s lien or any judgment lien creditor only when notice thereof is previously filed in the County Recorder’s office. A title company will report federal tax liens not only against the person in title, but against the spouse of the person in title, unless the title stood of record as the separate property of the titleholder prior to the date when the assessment was made.

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PLACER TITLE COMPANY

DESCRIPTION OF ITEMS WITHIN SAMPLE PRELIMINARY REPORT (CONTINUED)

35. State and County Liens (having the force, effect and priority of judgments). An increasing number of legislative enactments imposing a wide variety of taxes, assessments and charges provide that the same shall have the force, effect and priority of a judgment against the party responsible for payment. For discussion purposes, the judgments are therein considered as being evidenced by a recording in the form of a certificate, abstract, or a notice of lien. Regardless of the form, these are to be treated for title insurance purposes as though they were abstracts of judgment. However, the specific statutes should be referred to before relying upon a release or any subordination.
36. Requirement for statement of identity to clear certain items.
37. A lender, prior to making a loan, must investigate the sales price, etc. of any sale (e.g., paper transaction for purposes of inflating the valuation in order to obtain a larger loan) made within the two years prior to their anticipated loan. Therefore, they must obtain recording information of deeds or any transfers within that period. Placer Title Company has adopted the practice of showing this information whenever any loan is anticipated.
38. Lender's Supplemental Address Report.
39. Statutory Cancellation Fee.



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