



" PRELIMINARY REPORT TOP SHEET "

**HELP US STAY ON TOP OF YOUR TRANSACTION**

PROPERTY ADDRESS: \_\_\_\_\_  
 ESCROW NUMBER: \_\_\_\_\_

WILL ANY OF THESE SITUATIONS AFFECT YOUR TRANSACTION?

- |    |  |                              |                             |
|----|--|------------------------------|-----------------------------|
| 1. | Are your principals exchanging this property?                                  | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 2. | Will your principals be using a power of attorney?                             | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 3. | Are any of the parties in title deceased?                                      | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 4. | Has there been a change in marital status?                                     | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 5. | Will there be a new entity formed? i.e. partnership, LLC or Corp.?             | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 6. | Are the sellers of this property non-residents of California?                  | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 7. | Are there any inspections that must be paid through escrow?                    | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 8. | Are your principals going through a Bankruptcy ?                               | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| 9. | If you are a Seller, do you know if you are subject to California Withholding? | <input type="checkbox"/> yes | <input type="checkbox"/> no |
|    | a. Is this your principal residence  | <input type="checkbox"/> yes | <input type="checkbox"/> no |
|    | b. Is this investment property?  | <input type="checkbox"/> yes | <input type="checkbox"/> no |

**If the Answer is "YES" to any of these questions...  
 Please call your Escrow Officer to discuss any "yes" answer.**

Please provide current loan number and address of existing loans that Escrow needs to pay.

Please provide fire or homeowners insurance information.

All parties signing legal documents will need a valid photo I.D. or drivers license.

In light of the "Good Funds Law", please use Cashiers Checks or Wired Funds so that your escrow can close without delays. Checks drawn on out of State Banks may delay the close for 5 working days, or more.

**THANK YOU FOR CHOOSING SANTA CRUZ TITLE COMPANY**

- 201 River Street, Santa Cruz, CA 95060 (831) 426-9090 / FAX (831) 426-8511
- 223 River Street, #C, Santa Cruz, CA 95060 (831)466-1974 / FAX(831)471-0990
- 830 Bay Avenue, #A, Capitola, CA 95010 (831) 479-9229 / FAX (831) 479-3641
- 1955 41st Avenue, #A-5, Capitola, CA 95010 (831) 476-5000 / FAX (831) 476-1647
- 108 Whispering Pines Dr. Ste 100 Scotts Valley, CA 95066 (831) 438-4200 / FAX (831) 438-5369
- 9055 Soquel Drive, Aptos, CA 95003 (831) 688-9566 / FAX (831) 688-8625
- 1820 Main Street, Watsonville, CA 95076 (831) 724-8804 / FAX (831) 724-2633
- 1541 Pacific Avenue, #D, Santa Cruz, CA 95060 (831) 426-1711 / FAX (831) 427-3217

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- 830 Bay Avenue, #A, Capitola, CA 95010 (831) 479-9229 / FAX (831) 479-3641
- 1955 41st Avenue, #A-5, Capitola, CA 95010 (831) 476-5000 / FAX (831) 476-1647
- 108 Whispering Pines Drive, #100, Scotts Valley, CA 95066 (831) 438-4200 / FAX (831) 438-5369
- 9055 Soquel Drive, Aptos, CA 95003 (831) 688-9566 / FAX (831) 688-8625

1820 Main Street, Watsonville, CA 95076 (831) 724-8804 / FAX (831) 724-2633  
 1541 Pacific Avenue, #D, Santa Cruz, CA 95060 (831) 426-1711 / FAX (831) 427-3217

3rd Amended

November 21, 2007  
Santa Cruz Title Company

**PRELIMINARY  
REPORT**

IMPORTANT  
WHEN REPLYING REFER TO  
OUR NO.: 09438413 JEA

ATTENTION: **Joyce Avila**  
Escrow Officer

YOUR NO.:

PROPERTY: **Unimproved**

In response to the above referenced application for a Policy of Title Insurance, Santa Cruz Title Company hereby reports that it is prepared to issue, or cause to be issued, 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.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. 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 Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this Report.

**PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN EXHIBIT A OF THIS REPORT CAREFULLY. THE EXCEPTIONS AND EXCLUSIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS WHICH ARE NOT COVERED UNDER THE TERMS OF THE 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 CONDITIONS OF TITLE AND MAY NOT LIST ALL LIENS, DEFECTS, AND ENCUMBRANCES AFFECTING TITLE TO THE LAND.**

This report (and any supplements or amendments thereto) 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 **November 20, 2007** at 7:30 a.m.

James R. Post, Title Officer

The form of Policy of Title Insurance contemplated by this Report is:

**CLTA Standard Coverage Policy - 1990**

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

**A FEE**

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

**Silicon Valley Properties, a California General Partnership**

At the date hereof exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows: See Exceptions Page One.

1. GENERAL AND SPECIAL COUNTY (AND CITY) TAXES, INCLUDING PERSONAL PROPERTY TAX, IF ANY FOR THE  
FISCAL YEAR : 2007-2008  
LAND VALUATION : \$530,915.00  
IMPROVEMENT VALUATION : \$-0-  
PERSONAL PROPERTIES : \$-0-  
EXEMPTIONS : \$-0-  
CODE AREA NO. : 69-262  
PARCEL NO. : 049-171-16  
1ST INSTALLMENT : \$2,870.15 NOW DUE AND PAYABLE  
2ND INSTALLMENT : \$2,870.15 PAYABLE BUT NOT YET DUE
  
2. THE LIEN OF BONDS AND ASSESSMENT LIENS, IF APPLICABLE, COLLECTED WITH THE GENERAL AND SPECIAL TAXES.
  
3. 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.
  
4. RIGHTS OF THE PUBLIC IN THAT PORTION OF SAID PROPERTY LYING WITHIN : BUENA VISTA DRIVE (LARKIN VALLEY ROAD)
  
5. AN EASEMENT AFFECTING THE PORTION OF SAID PROPERTY AND FOR THE PURPOSE STATED HEREIN, AND INCIDENTAL PURPOSES, AS GRANTED IN THE DEED  
FROM : C. AMATO  
TO : COAST COUNTIES GAS AND ELECTRIC COMPANY, A CORPORATION  
FOR : A SINGLE LINE OF POLES  
RECORDED : JUNE 29, 1953 IN BOOK 920, PAGE 239  
OFFICIAL RECORDS OF SANTA CRUZ COUNTY  
INSTRUMENT NO. : 8369  
AFFECTS : REFERENCE TO SAID INSTRUMENT IS HEREBY MADE FOR FURTHER PARTICULARS

NO ASSURANCE IS MADE HEREUNDER AS TO THE PRESENT OWNERSHIP OF SAID EASEMENT

NOTES

- A. NO TRANSFER OR AGREEMENTS TO TRANSFER THE PROPERTY DESCRIBED HEREIN APPEAR OF RECORD WITHIN TWENTY-FOUR MONTHS OF THE DATE OF THIS REPORT EXCEPT AS FOLLOWS: NONE
  
- B. LAST INSURED DATE : OVER FIVE YEARS
  
- C. PROPERTY COMMONLY KNOWN AS: Unimproved
  
- D. A STATEMENT OF PARTNERSHIP PURSUANT TO THE UNIFORM PARTNERSHIP ACT, SECTIONS 15001 ET SEQ, OF THE CORPORATIONS CODE OF THE STATE OF CALIFORNIA, DISCLOSING THE FOLLOWING TO BE
  - PARTNERS : RONALD M. TATE AND DAVID L. LAZARES
  - OF : SILICON VALLEY PROPERTIES A CALIFORNIA GENERAL PARTNERSHIP
  - RECORDED : JUNE 1, 2004
  - OFFICIAL RECORDS OF SANTA CRUZ COUNTY
  - INSTRUMENT NO. : 2004-0038963

lal:cfc:cfc

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

BEING A PART OF CORRALITOS RANCHO AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT AN IRON PIPE ON THE WESTERLY BOUNDARY OF LANDS CONVEYED BY AGOSTINO AMATO, ET UX, TO C. AMATO, BY DEED DATED APRIL 4, 1952 AND RECORDED APRIL 12, 1952 IN VOLUME 863, AT PAGE 442, OFFICIAL RECORDS OF SANTA CRUZ COUNTY AND FROM WHICH A BURIED 3/4" PIPE AT AN ANGLE IN SAID BOUNDARY BEARS SOUTH 21° 09' EAST 18.15 FEET DISTANT (FROM SAID BURIED PIPE AT THE SOUTHWEST CORNER OF SAID LAND BEARS SOUTH 0° 20' EAST 458.82 FEET DISTANT); THENCE FROM SAID PLACE OF BEGINNING RUNNING SOUTH 86° 18' EAST 191.78 FEET TO A BURIED 3/4" PIPE; THENCE SOUTH 4° 30' WEST 69.26 FEET TO A BURIED 3/4" PIPE; THENCE SOUTH 84° 32' EAST 27.32 FEET TO A BURIED 1/2" PIPE; THENCE SOUTH 10° 33' WEST 229.42 FEET TO A BURIED 1/2" PIPE; THENCE SOUTH 4° 28' EAST 159.02 FEET TO A STATION ON THE CENTER LINE OF THE LARKIN VALLEY ROAD FROM WHICH A 1/2" BURIED PIPE BEARS NORTH 4° 28' WEST 25.01 FEET DISTANT; THENCE ALONG THE CENTER LINE OF SAID ROAD NORTH 87° 30' EAST 152.16 FEET TO THE SOUTHEAST CORNER OF SAID FIRST MENTIONED LANDS CONVEYED TO C. AMATO AND FOR WHICH A BURIED 3/4" PIPE BEARS NORTH 11° EAST 25.71 FEET DISTANT; THENCE RUNNING ALONG THE EASTERLY BOUNDARY OF SAID LANDS NORTH 11° EAST 1331.22 FEET TO THE MOST EASTERLY CORNER THEREOF; THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LANDS NORTH 61° 19' WEST 751.98 FEET AND SOUTH 64° 33' WEST 369.26 FEET TO AN IRON PIPE AT THE MOST WESTERLY CORNER THEREOF; THENCE ALONG THE WESTERLY BOUNDARY OF SAID LANDS SOUTH 21° 09' EAST 1123.07 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THE EXCLUSIVE RIGHT TO EXTRACT AND REMOVE ALL MINERALS, OIL, GAS AND OTHER HYDROCARBONS AS RESERVED IN THAT CERTAIN GRANT DEED FROM E.C. BROWLEE ET UX, TO C. AMATO, ET AL, RECORDED JUNE 2, 1949 IN BOOK 723, PAGE 170, OFFICIAL RECORDS.

APN: 049-171-16



SANTA CRUZ TITLE COMPANY's Privacy Statement

March 7, 2005

SANTA CRUZ TITLE COMPANY recognizes and respects the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. SANTA CRUZ TITLE COMPANY believes that making you aware of how this company uses your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between SANTA CRUZ TITLE COMPANY and the public that this company serves. This Privacy Statement provides that explanation. SANTA CRUZ TITLE COMPANY reserves the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

**In the course of our business, SANTA CRUZ TITLE COMPANY may collect Personal Information about you from the following sources:**

- From applications or other forms this company receives from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From this company's Internet web sites;
- From the public records maintained by governmental entities that Santa Cruz Title Company may either obtain directly from those entities, or from this company's affiliates or others; and
- From consumer or other reporting agencies, lenders or real estate agents and their representatives.

**Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information:**

SANTA CRUZ TITLE COMPANY maintains physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. SANTA CRUZ TITLE COMPANY limits access to such Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

**Our Policies and Practices Regarding the Sharing of Your Personal Information :**

SANTA CRUZ TITLE COMPANY may share your Personal Information with this company's affiliates, which includes, but is not limited to, Chicago Title Insurance Company, Fidelity National Title Insurance Company, Stewart Title Guaranty Company, United Independent Title Insurance Company, and which also includes other companies, such as **insurance** companies, agents, and other real estate settlement service providers. SANTA CRUZ TITLE COMPANY also may disclose your Personal Information:

- To agents, brokers or representatives to provide you with services you have requested;
- To third-party contractors or service providers who provide services or other functions on this company's behalf, related to your transaction.

In addition, SANTA CRUZ TITLE COMPANY will disclose your Personal Information when you direct or give this company permission, when SANTA CRUZ TITLE COMPANY is required by law to do so, or when this company suspects fraudulent or criminal activities. SANTA CRUZ TITLE COMPANY also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce this company's rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of this company, and of some of our affiliated companies, is to record documents in the public domain. Such documents may contain your Personal Information.

**SANTA CRUZ TITLE COMPANY DOES NOT DISCLOSE ANY NON-PUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE CONTRARY TO THE ABOVE AND THAT IS NOT SPECIFICALLY PERMITTED BY LAW.**

**Right to Access Your Personal Information and Ability To Correct Errors Or Request Changes Or Deletion :**

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. SANTA CRUZ TITLE COMPANY reserves the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

**Privacy Compliance Officer  
Santa Cruz Title Company  
201 River Street  
Santa Cruz, CA 95060**

**Multiple Products or Services :**

If SANTA CRUZ TITLE COMPANY provides you with more than one financial product or service, you may receive more than one privacy notice from this company. SANTA CRUZ TITLE COMPANY apologizes for any inconvenience this may cause you.

This Notice is intended to comply with Title V of the Gramm-Leach-Bliley Act ("GLBA") which generally prohibits any financial institution, directly or through its affiliates, from sharing non-public 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 persons or entities to whom it may be disclosed. This Notice is meant to comply with the GLBA, and notifies you of the privacy policies and practices of SANTA CRUZ TITLE COMPANY, and its related affiliates, as may be applicable.

**THIS PRIVACY NOTICE IS PROVIDED TO YOU FOR INFORMATIONAL PURPOSES ONLY. YOU DO NOT NEED TO CALL OR TAKE ANY ACTION IN RESPONSE TO THIS NOTICE. SANTA CRUZ TITLE COMPANY RECOMMENDS THAT YOU READ AND RETAIN THIS NOTICE FOR YOUR PERSONAL FILES.**

**NOTICE I**

"CALIFORNIA REVENUE AND TAXATION CODE SECTION 18662, EFFECTIVE JANUARY 1, 1994 AND BY AMENDMENT EFFECTIVE JANUARY 1, 2003, PROVIDES THAT THE BUYER IN ALL SALES OF CALIFORNIA REAL ESTATE MAY BE REQUIRED TO WITHHOLD 3 AND 1/3 PERCENT OF THE TOTAL SALES PRICE AS CALIFORNIA STATE INCOME TAX, SUBJECT TO THE VARIOUS PROVISIONS OF THE LAW AS THEREIN CONTAINED. FAILURE TO WITHHOLD, MAY SUBJECT THE BUYER TO VARIOUS PENALTIES, INCLUDING A PENALTY IN AN AMOUNT EQUAL TO THE GREATER OF 10 PERCENT OF THE AMOUNT REQUIRED TO BE WITHHELD OR FIVE HUNDRED DOLLARS (\$500), WHICHEVER IS GREATER."

FOR ADDITIONAL INFORMATION CONCERNING THE WITHHOLDING PROVISIONS REFERENCED ABOVE, PLEASE CONTACT THE:

FRANCHISE TAX BOARD  
WITHHOLD AT SOURCE UNIT  
(916) 845-4900

WEBSITE: [www.ftb.ca.gov](http://www.ftb.ca.gov)

**NOTICE II**

THE SANTA CRUZ COUNTY RECORDER ("COUNTY RECORDER") HAS NOTIFIED SANTA CRUZ TITLE COMPANY ("SANTA CRUZ TITLE") THAT THE COUNTY RECORDER WILL NOT ACCEPT FOR RECORDING DOCUMENTS WHICH:

1. CONTAIN ANY DOT MATRIX PRINT
2. CONTAIN ANY REDUCED OR TINY PRINT
3. HAVE FAINT OR INCOMPLETE OR SMUDGED NOTARY SEAL(S)
4. HAVE NOTARY SEAL(S) WHICH IS/ARE STAMPED OVER ANY LINES, PRINT OR WRITING

THE FINAL DECISION ON THE RECORDABILITY OF A DOCUMENT RESTS ENTIRELY WITH THE COUNTY RECORDER, BASED UPON THE FOREGOING, AND IS A MATTER OVER WHICH SANTA CRUZ TITLE HAS ABSOLUTELY NO CONTROL. SANTA CRUZ TITLE IS UNABLE TO DETERMINE WITH CERTAINTY WHICH DOCUMENTS MAY, OR MAY NOT BE, ACCEPTABLE BY THE COUNTY RECORDER FOR RECORDING AND THEREFROM SANTA CRUZ TITLE ASSUMES NOT LIABILITY FOR ANY DELAY IN THE RECORDING AND THEREFORE SANTA CRUZ TITLE ASSUMES NO LIABILITY FOR ANY DELAY IN THE RECORDING OF A DOCUMENT, OR THE CONSEQUENCES THEREOF, BASED UPON THE FOREGOING. SHOULD THERE BE ANY CONCERN OR QUESTION AS THE ACCEPTABILITY FOR RECORDING OF ANY DOCUMENT, YOU ARE OBLIGATED TO NOTIFY SANTA CRUZ TITLE FAR ENOUGH IN ADVANCE TO ALLOW A REASONABLE TIME FOR THE COUNTY RECORDER TO REVIEW THE DOCUMENT(S) IN QUESTION.

**NOTICE III**

ON AND AFTER JULY 1, 1985, THE COUNTY RECORDER'S OFFICE WILL CHARGE, IN ADDITION TO THE REGULAR RECORDING CHARGES, AN EXTRA \$20.00 RECORDING FEE, UNLESS A DOCUMENT EVIDENCING A CHANGE OF OWNERSHIP IS ACCOMPANIED BY A PRELIMINARY CHANGE OF OWNERSHIP REPORT, IN LIEU OF SAID REPORT, SIGNED BY THE TRANSFEREE, THE RECORDER WILL ACCEPT AN AFFIDAVIT THAT THE TRANSFEREE IS NOT A RESIDENT OF CALIFORNIA, TITLE BILLINGS WILL BE ADJUSTED TO REFLECT SUCH ADDITIONAL FEES WHEN APPLICABLE.

**NOTICE IV**

CHAPTER 598, CALIFORNIA STATUTES OF 1989 BECAME EFFECTIVE JANUARY 1, 1990. THIS LEGISLATION DEAL WITH THE DISBURSEMENT OF FUNDS DEPOSITED WITH ANY TITLE ENTITY ACTING IN AN ESCROW OR SUBESCROW CAPACITY. THE LAW REQUIRES THAT ALL FUNDS BE DEPOSITED AND COLLECTED BY THE TITLE ENTITY'S ESCROW AND/OR SUBESCROW ACCOUNT PRIOR TO DISBURSEMENT OF ANY FUNDS, SOME METHODS OF FUNDING MAY SUBJECT FUNDS TO A HOLDING PERIOD WHICH MUST EXPIRE BEFORE ANY FUNDS MAY BE DISBURSED. IN ORDER TO AVOID ANY SUCH DELAYS, ALL FUNDINGS SHOULD BE DONE THROUGH WIRE TRANSFER.

Exhibit A (Rev. 11/17/04)

**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 of 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 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.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/98)**  
**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98)**  
**EXCLUSIONS**

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

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

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

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

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

**LIMITATIONS ON COVERED RISKS**

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

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

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

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

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

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

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

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

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

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

OR

\* in streets, alleys, or waterways that touch your land

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

**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 judgment 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 by making inquiry of 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.

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

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

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

**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 by making inquiry of 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.

**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.