The Prelim Report

CALIFORNIA

Sample Preliminary Report with Descriptions of Items in a Report

www.nat.com
A Preliminary Report is defined in Section 12340.11 of the California Insurance Code as follows:

“Preliminary report,” “commitment,” or “binder” are reports furnished in connection with an application for title insurance and are offers to issue a title policy subject to stated exceptions set forth in the reports and such other matters as may be incorporated by reference therein. The reports are not abstracts of title, nor are any of the rights, duties or responsibilities applicable to the preparation and issuance of an abstract of title applicable to the issuance of any report. Any such report shall not be constructed as, nor constitute, a representation as to the condition of title to real property, but shall constitute, a statement of the terms and conditions upon which the issuer is willing to issue its title policy, if such offer is accepted.

After placement of an order for title insurance, a search of the records maintained by the title company for that particular real property, is commenced. Items found in the search are assembled in a “search package” and forwarded to a skilled examiner. The result is a Preliminary Report.

The Preliminary Report explained on the pages that follow is used by all members of the California Land Title Association. The investigation of title includes matters contained in the public records and the title company’s title indices and, depending upon the type of final policy that is issued, certain off record matters that may be disclosed by an inspection of subject property. There are certain matters, which may affect title but may not be identified, in the Preliminary Report.

Table of Contents

Sample Preliminary Report  
Schedule A  
Legal Description  
Schedule B  
Property Location Map  
Preliminary Change of Ownership  
Good Funds Law  
Payoff Requirements  
Lenders Supplemental Report  
Equity Line Affidavit  
Authorization to Freeze and Close Equity Line  
Sample: Statement of Information  
Privacy Policy Notice  
Exclusions and Exceptions
Item | Description
---|---
1 | Name and address of customer that requested the Preliminary Report.
2 | Name of individual that requested the Preliminary Report.
3 | Our Order Number. (North American Title's identification number.)
4 | The reference Street Address of the property.
5 | This is the date the records have been updated to.
6 | This paragraph states that the preliminary report is an offer for title insurance purposes only, with no other liability unless specifically requested. It is a report only and assumes no liability.
7 | The forms and types of policy contemplated by this report.
SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this report is:
   A fee.

2. Title to said estate or interest at the date hereof is vested in:
   Darren Love and Theresa Love, Husband and Wife as Joint Tenants

3. The Land referred to in this report is situated in the State of California, County of Los Angeles, and is
   described as follows:

   See attached Legal Description

LEGAL DESCRIPTION

Real property in the City of Long Beach, County of Los Angeles, State of California, described as
follows:

Lot 2, Block 16, of Tract No. 22615, in the city of Long Beach, County of Los Angeles, State of
California, as per map recorded in Book 2228, pages 7 to 11 inclusive of Maps, in the office of
the County Recorder of Said County.

Except there from any oil, gas or other hydrocarbon substances lying below a depth of 500 feet
from the surface thereof, without the right of surface entry as reserved in various documents of
record.
SCHEDULE B

At the date hereof exceptions to coverage in addition to the printed exceptions and exclusions in the policy form designated on the face page of this report would be as follows:

1. General and special taxes and assessments for the fiscal year 2011-2012, a lien not yet due or payable.

2. General and special taxes and assessments for the fiscal year 2010-2011.

First Installment: $982.11, PAID
Penalty: $0.00
Second Installment: $982.11, PAID
Penalty: $0.00
Tax Rate Area: 001461
A. P. No.: 4436-088-001

3. The lien of defaulted taxes for the fiscal year 2009-2010, and any subsequent delinquencies.

Tax Rate Area: 001461
A. P. No.: 4436-088-001
Amount to redeem: $555.35
Valid through: prior to April 30, 2011
Amount to redeem: $585.00
Valid through: prior to May 31, 2011

4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

5. Water Rights, Claims or title to Water, Whether or Not shown by the public records

6. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded January 11, 1977 in Book No. 18579 as Instrument No. 77-1857912 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(C), of United States Codes.

In Favor of: Pacific Gas & Electric
Affects: Rear 5 Feet of Said Land

In Favor of: Verizon Wireless
Affects: Rear 5 Feet of Said Land

Item Description

11 Exceptions: Any transfer or encumbrance of this property will be subject to the matters following this paragraph unless the steps necessary to eliminate them are taken.

12 Taxes: The first exception shown is a statement regarding the amount and status of the current year’s taxes (e.g., taxes now a lien, now due, or respective installment paid or unpaid).

13 NOTE: The lien of county or city taxes on real property is superior to contract liens, thus the county or city real property tax lien is superior to the deed of trust. Effective July 1, 1983, the Supplemental Real Property Tax Assessment came into effect, therefore, all preliminary reports or title policies issued after that date must reflect the information. Supplemental tax bills generally originate when the following occurs:

   ➨ Change of ownership
   ➨ Recent construction and/or Improvements

14 Covenants, Conditions and Restrictions or CC&Rs: This term commonly refers to a written recorded deed or declaration which sets forth certain rules and regulations established by a subdivision or other landowner to create uniformity of buildings and use within tracts of land or a group of lots.

15 Easements: An easement is a right or interest of someone else in the subject land that entitles the holder to some use, privilege or benefit upon or over said land. Most common are easements for Public Utilities.
9. A Deed of Trust to secure an original indebtedness of $170,593.00 recorded May 30, 1978 as Instrument No. 78-325518 of Official Records.  
Dated: May 25, 1978  
Truster: Darren Love and Theresa Love, Husband and Wife as Joint Tenants  
Trustee: North American Title Company  
Beneficiary: Golden Mortgage Company, a California Corporation  

According to the public records, the beneficial interest under the above-referenced document was assigned to Southwood Financial Corp., an Arizona Corporation by assignment recorded May 30, 1978 as Instrument No. 78-325519 of Official Records.  

A document recorded MIG Escrow Services, Inc. as Instrument No. 78-668810 of Official Records provides that June 15, 1978 was substituted as trustee under the deed of trust.  


18. A Deed of Trust to secure an original indebtedness of $15,500.00 recorded September 27, 1979 as Instrument No. 79-6245938 of Official Records.  
Dated: September 5, 1979  
Truster: Darren Love and Theresa Love, Husband and Wife as Joint Tenants  
Trustee: North American Title Company  
Beneficiary: Conrad Jones, an individual  

A document disclosing an additional advance in the amount of $9,000.00, recorded November 3, 1979 as Instrument No. 79-726273 of Official Records.  

The above deed of trust states that it secures an equity line/revolving line of credit.  

Court:  
Case No.: LA 18122  
Debtor: Darren Love  
Creditor: RS Racing Association  
Amount: $358.00, and any other amounts due.  

Serial No.: 95-106798  
Debtor: Darren Love and Theresa Love  
Amount: $720.00, and any other amounts due thereunder.  

Debtor: Darren Love and Theresa Love  
Year & No.: 1994, #05221995  
Amount: $238.00, and any other amounts due thereunder.
14. **Lien for Solid Waste Collection in favor of the City of Long Beach Public Sanitation division**

   Against: Darren Love and Theresa Love  
   Amount: $387.00  

15. **Lien for Civil Administrative penalties in favor of the City of Long Beach code compliance division**

   Against: Dareen Love and Theresa Love  
   Amount: $Not shown  

16. **This report is incomplete. We may require a statement of information from the parties indicated below, five (5) days prior to closing, in order to complete this report, based on the effect of Documents, Proceedings, Liens, Decrees, or other matters which do not specifically describe said Land, but which, if any do exist, may affect the title or impose Liens or Encumbrances thereon.**

   Borrower: Darren Love and Theresa Love  
   Seller: N/A  
   All Parties:

   NOTE: The statement of information is necessary to complete the search and examination of Title under this order. Any Title Search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the Parties, but in fact affect another Party with the same or similar name.

   Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

   ********** END OF REPORT **********

---

**Item Description**

16. **Deed of Trust:** A Deed of Trust conveys title to a particular land to a neutral third-party trustee with limited powers for the purpose of securing a loan on the real property.

17. **Shows that this Deed of Trust is in default.**

18. **Equity Line Deed of Trust**

19. **Judgment Lien:** A lien against property of a judgment debtor. An involuntary lien.

20. **Federal Tax Lien:** A lien attaching to property for nonpayment of a federal tax (estate, income, etc.) A federal tax lien differs from other liens in that it is not automatically wiped out by foreclosing on a mortgage or trust deed recorded before the tax lien (except by judicial foreclosure).

21. **Property Tax Lien:** For non-payment of property taxes.

22. **Refuse Lien:** For non-payment of refuse collection.

23. **Notice of Sub-standard Property:** This can be recorded by the city or the county for not maintaining the property per code.

24. **Request for Statement of Identity:** Sample Statement on page 13
The information on this plat map is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.

**Item**  
**Description**  
25  
Map: Provided to verify property location. No representations or warranties are made with respect to the accuracy or completeness of the map.
### Notes

1. **Notice of change in ownership recording procedure**

   Effective July 1, 1985, pursuant to state law as amended January 1, 2011 (Section 480.3 of the Revenue and Taxation Code), all Deeds and other Documents that reflect a change in ownership must be accompanied by a Preliminary Change of Ownership Report to be completed by the transferee.

   If this special report is not presented at the time of recording, an additional recording fee of $20.00, as required by law, will be charged.

   Preliminary Change in Ownership forms, instructions on how to complete them, and a non-exclusive list of documents that are affected by this change, are available from the County Recorder's Office or the Office of the County Assessor.

2. **GOOD FUNDS LAW**

   Under Section 12413.1 of the California Insurance Code, North American Title Company, Inc. may only make funds available for disbursement in accordance with the following rules:

   Same day availability. Disbursement on the date of deposit is allowed only when funds are deposited to North American Title Company, Inc. by Cash or Electronic Transfer (Wire). Cash will be accepted only under special circumstances and upon approval by management.

   Next business day availability. If funds are deposited to North American Title Company, Inc. by cashier’s checks, certified checks or teller’s checks, disbursement may be on the next business day following deposit. A “teller’s check” is one drawn by an insured financial institution against another insured financial institution (e.g., a savings and loan funding with a check drawn against a FDIC insured bank).

   Second business day availability. If the deposit is made by checks other than those described in paragraphs 1 and 2 above, disbursement may occur on the day when funds must be made available to depositors under Federal Reserve Regulation CC. In most cases, these checks will be available on the second business day following deposit. (For further details, consult California Insurance Code Section 12413, et seq. and Regulation CC).

   These are the minimum periods before funds will be made available. North American Title Company, Inc. is not obligated to disburse funds at the expiration of the time periods above, and expressly reserves the right to require additional time before disbursing on deposited funds. Close of escrow and final disbursement will not be made based on deposits in the form of personal checks, corporate checks, credit union checks, money market checks, travelers checks and official checks until confirmation of final clearance of the funds.

   North American Title Company will not be responsible for accruals of interest or other charges resulting from compliance with the disbursement restrictions imposed by state law.

### Table

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td><strong>NOTES Section: These are special notations for closing.</strong></td>
</tr>
<tr>
<td>27</td>
<td><strong>Explanation of PCOR: Preliminary Change of Ownership Report</strong></td>
</tr>
<tr>
<td>28</td>
<td><strong>Explanation of Good Funds Law</strong></td>
</tr>
</tbody>
</table>
For Your Information, Our Wire Instructions Are:

Wire To:  
Comerica Bank  
1234 Main Street  
Anytown, CA 90245

Credit the Account of:  
North American Title Company  
Bank Account No.: 9999999999  ABA No.: 123456789  
Escrow No. 123456

**ACH FUNDS** - Automatic Clearing House

North American Title Company will not accept funds in the form of ACH transfers.

Be sure to reference our order number 123456.

Should this office be required to wire funds out at close of escrow, please be informed that wiring instructions should be received as soon as possible, but no later than the following times.

Wires outside the State of California:  
11:00 A.M. ON DATE OF WIRE

Wires within the State of California:  
12:00 P.M. ON DATE OF WIRE

Effective January 1, 1991

A service charge of $25.00 will be assessed for all funds disbursed by this Company by wire.

3. Payoff Requirement

If any of the deeds of trust shown in this Preliminary Report secures a revolving credit loan, this Company will require prior to closing that:

1. The Borrower provide authorization to the Lender to freeze the loan from further disbursements and that we be provided with proof that the account has been frozen and the effective date of the freeze.

2. All unused checks, voided checks and/or credit cards be submitted to this Company.

3. There are no outstanding checks unpaid.

4. Should the Company be unable to ascertain that one or more of the above have not been complied with, we will withhold from the proceeds the maximum amount of the loan obligation until such time as we may verify that the payoff was sufficient to obtain a full reconveyance.

Page 8

Order No.: 123456

Continued on next page...

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>Payoff Requirements</td>
</tr>
</tbody>
</table>
4. North American Title Company, Inc.’s charges for recording the transaction documents include charges for services performed by North American Title Company, Inc., in addition to an estimate of payments to be made to governmental agencies.

5. The map attached, if any, may or may not be a survey of the land depicted hereon. North American Title Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

---

**Item** | **Description**
---|---
30 | NAT charges for recording transaction documents.
31 | Disclaimer: The map is not a survey, possibly not to scale.
32 | Lenders Supplemental Report information: Shows the address of the land and what type of structure is on the land.
33 | 24-month chain of the title shows all transactions in the previous 24 months.

---

**LENDERS SUPPLEMENTAL REPORT**

Dated as of November 01, 2010 AT 7:30 A.M.

Title Officer: Tom Title

The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented in order to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy of Title Insurance:

Our ALTA Loan Policy, when issued, will contain Endorsement Nos. 100 and 116.

32 There is located on said land a single family residence
   Known as: 2448 East 24th Street
   City of Oakland
   County of Alameda
   State of California.

33 According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:
   None
EQUITY LINE AFFIDAVIT AND INSTRUCTIONS

With regard to our ____________________________ Original Lender ____________________________ Equity / Credit Line

Address: ____________________________________________ ____________________________________________

Currently held by ____________________________ Bank / Lender (Beneficiary)

Address: ____________________________________________ ____________________________________________

Deed of Trust: (date recorded) ____________________________ (as Instrument Number) ____________________________

Loan / Account # ____________________________, we hereby certify that:

Outstanding Balance, as of Date below $ ____________________________

BORROWER(S) CERTIFICATION:

To induce the above-named Lender to issue its demand and thereafter, its reconveyance upon satisfaction of the lien described in the demand, the undersigned hereby certifies as follows:

• I / We have destroyed all credit cards and / or personalized checks for the above referenced account. The last check # ____________________________ has cleared and that there are no other outstanding checks or charges on this account as of the date indicated below or I / We have not drawn checks or made charges on this account since day ____________________________ year ____________________________.

• I / We are returning herewith all credit cards and / or unused personalized checks in our possession, cut in half, unless previously destroyed.

• I / We have notified any merchant, to whom we have pre-authorized charges, to cancel said charge (i.e., insurance premium, subscriptions, membership fees, loan payments, etc.).

• I / We will be responsible for any and all charges which are presented for payment, including charges presented after the requested demand is prepared.

If North American Title Company advances, on my / our behalf, funds to pay off the Equity Line / Credit Line in full, I / We agree, upon written demand, to promptly reimburse North American Title Company.
**Item Description**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td><em>Equity Line Affidavit and Instructions: To be used in event of payoff of an equity line Deed of Trust.</em></td>
</tr>
<tr>
<td>35</td>
<td><em>Authorization to Freeze and Close Equity Line</em></td>
</tr>
<tr>
<td>36</td>
<td><em>Authorization to Close Equity Line</em></td>
</tr>
</tbody>
</table>

**AUTHORIZATION TO CLOSE ACCOUNT**

In accordance with your demand, we have remitted funds in the amount of $__________ to pay the above-referenced line of credit in full. This line of credit has now been fully paid off, and you are hereby instructed to close this line of credit.

Please issue your Deed of Full Reconveyance, Release of Lien and/or Satisfaction and forward it directly to the County Recorder for recording.

PLEASE NOTE: The amended California Civil Code Sections 2941 and 2943, effective January 1, 2002, require the Beneficiary, or Trustee, to execute a Reconveyance within 51 days after receipt in payment in full; and further require the Beneficiary, or Trustee, to record the Full Reconveyance directly with the county recorder of the county in which the Deed of Trust was recorded. The reconveyance must show the payor's name and mailing address in the area indicated as "When Recorded Mail to" or the document will be declined by the county recorder.

Any overpayment should be sent to the undersigned, at the following address:

________________________________________

________________________________________

Borrower(s) Signature:

________________________________________

________________________________________

**********END OF ATTACHMENT**********
Item | Description
--- | ---
37 | If requested (see item 24), then the Statement of Information/Identity must be completed in full and submitted to Escrow to clear the liens and judgments described in item 24 in the Prelim.
Privacy Policy Notice

We at the North American Title Group family of companies take your privacy very seriously. This Notice is being given on behalf of each of the companies listed below1 (the “North American Title Companies”), as well as on behalf of North American Advantage Insurance Services, LLC. It explains our policy regarding the personal information of our customers and our former customers.

OUR PRIVACY POLICIES AND PRACTICES

The North American Title Companies

1. Information North American Title Companies collect, and the sources from which we collect it: On forms related to your real estate transaction, North American Title Companies collect personal information that you, our affiliates or third parties have provided to us, such as, for example, your name, address, and sale price of your home. All of the information that we collect is referred to in this notice as “NAT Collected Information”.

2. What information North American Title Companies disclose to our affiliates: From time to time, as permitted by law, the North American Title Companies may share NAT Collected Information with each other and with North American Advantage Insurance Services, LLC (“NAAIS”) about customers and former customers. You may ask us not to share NAT Collected Information among the North American Title Companies and NAAIS by writing to us and letting us know at: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. Your request will not affect NAT Collected Information that the North American Title Companies are otherwise permitted by law to share, such as, in certain circumstances, NAT Collected Information related to our experiences and transactions with you.

3. What information North American Title Companies disclose to third parties:
   - If permitted by federal law and the law of your state, we may disclose some or all of the following information to companies that perform marketing services on our behalf and to certain unaffiliated insurance companies with whom we have joint marketing agreements: your name, current address, purchased property address, and closing date.
   - We also may share NAT Collected Information about customers and former customers with other unaffiliated third parties, as permitted by law. For example, NAT Collected Information may be shared in certain circumstances (A) with companies involved in servicing or processing your account (B) with insurance regulatory authorities, and (C) with law enforcement officials, to protect against fraud or other crimes.

4. Your right to access your personal information: You have the right to review your personal information that we have on record about you. If you wish to review that information, please contact the local North American Title Company office identified on the title insurance product to which this notice is attached or where you received this notice and give us a reasonable time to make that information available to you. If you believe any information is incorrect, notify us, and if we agree, we will correct it. If we disagree, we will advise you in writing why we disagree.

North American Advantage Insurance Services, LLC

1. Information North American Advantage Insurance Services, LLC (“NAAIS”) collect and sources from which we collect it: NAAIS collects personal information about you from you, our affiliates, or third parties on forms related to your transaction with NAAIS or a North American Title Company, such as your name, address, or information about the property that is or will be insured. We also receive information from companies, which compile and distribute public records. All of the information that NAAIS collects, as described in this paragraph, is referred to in this notice as “NAAIS Collected Information.”

2. Information NAAIS may disclose to its affiliates or third parties: NAAIS may disclose NAAIS Collected Information about you or others without your permission as permitted or required by law, including to the following types of institutions for the reasons described:
   - To a third party or an affiliate if the disclosure will enable that party to perform a business, professional or insurance function for us in connection with an insurance transaction involving you.
   - To an insurance institution, agent, or credit reporting agency in order to detect or prevent criminal activity, fraud or misrepresentation in connection with an insurance transaction.

---

Item Description

- 38 Privacy Policy Notice: Gives an overview of the NAT security and privacy policies.
• To an insurance institution, agent, or credit reporting agency for either this agency or the entity to whom we disclose the information to perform a function in connection with an insurance transaction involving you.

• To an insurance regulatory authority, law enforcement, or other governmental authority in order to protect our interests in preventing or prosecuting fraud, or if we believe that you have conducted illegal activities.

3. Your right to access and amend your personal information: You have the right to request access to the personal information that we record about you. Your right includes the right to know the source of the information and the identity of the persons, institutions or types of institutions to whom we have disclosed such information within two (2) years prior to your request. Your right includes the right to view such information and copy it in person, or request that a copy of it be sent to you by mail (for which we may charge you a reasonable fee to cover our costs). Your right also includes the right to request corrections, amendments or deletions of any information in our possession. The procedures that you must follow to request access to or an amendment of your information are as follows:

To obtain access to your information: You should submit a request in writing to: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. The request should include your name, address, social security number, telephone number, and the recorded information to which you would like access. The request should state whether you would like access in person or a copy of the information sent to you by mail. Upon receipt of your request, we will contact you within 30 business days to arrange providing you with access in person or the copies that you have requested.

To correct, amend, or delete any of your information: You should submit a request in writing to: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. The request should include your name, address, social security number, telephone number, the specific information in dispute, and the identity of the document or record that contains the disputed information. Upon receipt of your request, we will contact you within 30 business days to notify you either that we have made the correction, amendment or deletion, or that we refuse to do so and the reasons for the refusal, which you will have an opportunity to challenge.

SECURITY PROCEDURES
We restrict access to NAT Collected Information and NAAIS Collected Information about you to individuals who need to know such information in order to provide you with your product or service. We maintain physical, electronic and procedural safeguards to protect NAT Collected Information and NAAIS Collected Information about you.

CHANGES TO OUR PRIVACY POLICY
This Notice reflects our privacy policy as of February 1, 2008. We reserve the right to change, modify or amend this policy at any time. Please check our Privacy Policy periodically for changes.

ACKNOWLEDGEMENT
Your receipt of a copy of the preliminary report, commitment, your policy of insurance, or escrow documents accompanied by this Notice will constitute your acknowledgment of receipt of this Privacy Policy Notice.
Pre-printed Exclusions and Exceptions to policy coverage

Item | Description
--- | ---
39 | (a) Any law, ordinance or governmental regulation (including but not limited to building or 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 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.
(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 1

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.
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 warranted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

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, 12, 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:

<table>
<thead>
<tr>
<th>Covered Risk</th>
<th>Your Deductible Amount</th>
<th>Our Maximum Dollar Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Risk 14:</td>
<td>1% of Policy Amount or $2,500 (whichever is less)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Covered Risk 15:</td>
<td>1% of Policy Amount or $5,000 (whichever is less)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Covered Risk 16:</td>
<td>1% of Policy Amount or $5,000 (whichever is less)</td>
<td>$25,000</td>
</tr>
<tr>
<td>Covered Risk 18:</td>
<td>1% of Policy Amount or $2,500 (whichever is less)</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

CLTA HOMEOWNER’S POLICY OF TITLE INSURANCE (01/01/08)
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 those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;
   d. improvements on the Land;
   e. land division; and
   f. environmental protection.

   This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.

3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.

4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
   b. that are known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
   c. that result in loss to You; or
   d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.

6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

   This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

LIMITATIONS ON COVERED RISKS

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

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

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

<table>
<thead>
<tr>
<th>Covered Risk</th>
<th>Your Deductible Amount</th>
<th>Our Maximum Dollar Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Risk 16:</td>
<td>1% of Policy Amount Shown in Schedule A or $2,500 (whichever is less)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Covered Risk 18:</td>
<td>1% of Policy Amount Shown in Schedule A or $5,000 (whichever is less)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Covered Risk 19:</td>
<td>1% of Policy Amount Shown in Schedule A or $5,000 (whichever is less)</td>
<td>$25,000</td>
</tr>
<tr>
<td>Covered Risk 21</td>
<td>1% of Policy Amount Shown in Schedule A or $2,500 (whichever is less)</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

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:

Page 17

Order No.: 123456

Continued on next page...
* 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.  

ALTA 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:  
  (i) the character, dimensions or location of any improvement now or hereafter erected on the land;  
  (ii) 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 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 or 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 property.  

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.  

5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.  

6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.  

7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:  
(i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or  
(ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or  
(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:  
  (a) to timely record the instrument of transfer; or  
  (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.  

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

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.  
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.  
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.  
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.  
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights. claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.  
6. Any lien or right to a lien for services, labor or material not shown by the public records.
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 laws) 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 zoning or 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 uponjury 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 at Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

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

EXCEPTIONS FROM COVERAGE

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records;
   (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

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

6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA 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:
the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
(b) 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:
(i) to timely record the instrument of transfer; or
(ii) of such recordation to impart notice to a purchaser for value or a judgment lien creditor.

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

EXCEPTIONS FROM COVERAGE

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
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; and (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

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 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 the occupancy, use, or enjoyment of the Land;
(b) the character, dimensions, or location of any improvement erected on the Land;
(c) the subdivision of land; or
(d) 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.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors’ rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records.

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; and (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.
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, attorney’s 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 violation 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. Involuntary 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 ventee 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, or 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.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (01-01-08)

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, attorney’s 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 Risks 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risks 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risks 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 Risks 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.

5. Involuntary or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.

6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the ventee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.

8. The failure of the residential structure, or any portion of it, to have been constructed before, or on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
NATCO NOTES:

DON'T DELAY YOUR CLOSE OF ESCROW! IF ANY OF THE FOLLOWING ITEMS AFFECT YOUR TRANSACTION, PLEASE NOTIFY YOUR ESCROW OFFICER AS SOON AS POSSIBLE.

I. Ongoing Construction
The Title Company will require, as a minimum, the following prior to insuring:
A. Valid Notice of Completion verified by inspection and expiration of 60 days from recordation of said notice or;
B. Approved Indemnities from Borrower/Seller, approved financial statement not over one year old and a waiver of lien rights from the general contractor.
C. The Title Company may also require proof of payment of subcontractors, indemnity and financial statement from the general contractor, a copy of the contract and the withholding of a sum of money, to cover the contract until the mechanics lien period has expired, with which to pay filed mechanics liens, or other assurances to be determined on a case by case basis.

II. Bankruptcy
The Title Company will require, as a minimum, the following prior to insuring:
A. The bankruptcy case be closed or;
B. An order from the bankruptcy court verifying the transaction, with a demand placed into escrow by the trustee.
C. Escrow may not close until 15 days have elapsed from the order and the file has been checked to verify that there are no objections to said order.

III. Abstracts of Judgment, Liens, Tax Liens
The Title Company will require, as a minimum, the following prior to insuring:
A. Proof that the buyer/seller is not the same party as on the recorded liens.
B. This is accomplished by the buyer/seller/borrower completely filling out and signing a statement of information.
C. The items are to paid off in escrow.
D. The items are to be subordinated to the new transaction.

IV. Community Property
California and Nevada are community property states:
A. A quitclaim from one spouse to another must specifically quitclaim any community property interest.
B. An interlocutory decree of divorce specifically granting the property to one spouse is sufficient if a final decree is issued and recorded in the county.

DID YOU KNOW?
Any of the following situations could cause a substantial delay in close of escrow. The earlier we are made aware of potential problems, the earlier the issues can be dealt with to ensure a smooth and timely close of your transaction.

- Are your principals trying to accomplish a tax deferred exchange? If so, have they chosen an intermediary and who is it?
- Will any of the principals be using a Power of Attorney?
- Are any of the vested owners deceased or in any way incapacitated?
- Do all of the principals who will be signing have a current photo I.D. or Driver's License?
- Has there been a change in marital status of any of the vested owners or will we be adding anyone to title, i.e. co-signers, additional insured, etc.?
- Is the property currently vested in a trust or will the new buyer/borrower vest in a trust?
- Are any of the trustees of the trust deceased or incapacitated?
- Will this transaction involve a short sale?
- Will there be a new entity formed, i.e. partnership, corporation?
- Will all of the principals be available to sign or will we be Federal Expressing documents to another state/country? If so, where?

If you have any other information which may be useful to us, please contact your escrow officer as soon as possible. Our goal is to make your transaction as easy and trouble-free as possible. We appreciate your business and hope that you find North American Title Company your company of choice for all of your title and escrow needs.