



330 Primrose Road, Suite 600  
Burlingame, CA 94010  
(650)696-1725  
(650)344-7680

Tom Hovorka  
Prudential California Realty Fine Homes  
320 Primrose Road  
Burlingame, CA 94010

**DIRECT ALL INQUIRIES TO:**

Escrow Officer: Catherine Leary  
Phone: (650)696-1725  
Fax No.: (650)344-7680  
E-Mail: cleary@nat.com  
E-Mail Loan Documents to: nocal.burlingame@natdocs.com

**Property:** 1510 AND 1513 FOLGER DRIVE  
BELMONT, CA 94002

**Buyer:** Buyer Pending

**Owner:** Mid-Peninsula Water District

**PRELIMINARY REPORT**

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE,

**North American Title Insurance 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. The Policy to be issued may contain an Arbitration Clause. When the amount of insurance is less than that set forth in the Arbitration Clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the Parties. Limitations on covered risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a deductible amount and a maximum dollar limit of liability for certain coverages are also set forth in 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 condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

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

Dated as of May 03, 2010 at 7:30 A.M.

Jim White, Title Officer

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

1990 CLTA  
ALTA LOAN 2006

A specific request should be made if another form or additional coverage is desired.

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

MID-PENINSULA WATER DISTRICT, WHO ACQUIRED TITLE AS BELMONT COUNTY WATER DISTRICT

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

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. General and special taxes and assessments for the fiscal year 2010-2011, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. SAID PROPERTY HAS BEEN DECLARED A MELLO ROOS DISTRICT UNDER CHAPTER 1110 (SB 682-MELLO).

DISTRICT: BEL CFD 2001-1 LIB

4. An easement shown or dedicated on the Map as referred to in the legal description

For: SEWER AND UTILITIES and incidental purposes.

Affects THE REAR 5 FEET OF LOTS 5 AND 6.

5. Covenants, conditions, restrictions and easements in the document recorded MARCH 28, 1935 as BOOK 651, PAGE 101 of Official Records, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, marital status, ancestry, disability, handicap, familial status, national origin or source of income (as defined in California Government Code §12955(p)), to the extent such covenants, conditions or restrictions violate 42 U.S.C. §3604(c) or California Government Code §12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Affects LOTS 5 & 6 OF PARCEL ONE.

6. Covenants, conditions, restrictions and easements in the document recorded NOVEMBER 16, 1939 as BOOK 871, PAGE 166 of Official Records, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, marital status, ancestry, disability, handicap, familial status, national origin or source of income (as defined in California Government Code §12955(p)), to the extent such covenants, conditions or restrictions violate 42 U.S.C. §3604(c) or California Government Code §12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Affects LOT 7 OF PARCEL TWO.

7. EASEMENT FOR ANY EXISTING PUBLIC UTILITIES, INCLUDING BUT NOT LIMITED TO FACILITIES OF THE VESTEE.
8. THE REQUIREMENT THAT AN ORDER FROM THE PUBLIC UTILITIES COMMISSION BE OBTAINED AUTHORIZING THE PROPOSED CONVEYANCE, ENCUMBRANCE OR LEASING OF THE HEREIN DESCRIBED PROPERTY, OR OTHER SATISFACTORY EVIDENCE THAT SAID PROPERTY IS "NON-OPERATIVE PROPERTY" AND IS NOT NECESSARY OR USEFUL IN THE PERFORMANCE OF ITS DUTIES TO THE PUBLIC, AND IS NOT NEEDED FOR OR USED IN THE CONDUCT OF ITS BUSINESS.

## LEGAL DESCRIPTION

Real property in the City of BELMONT, County of SAN MATEO, State of CALIFORNIA, described as follows:

### PARCEL ONE:

LOTS 5 AND 6, AS DESIGNATED UPON THAT CERTAIN MAP ENTITLED "RE-SUBDIVISION OF SUBDIVISION 'H', BELMONT COUNTY CLUB PROPERTIES, BELMONT, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON AUGUST 16, 1926 IN BOOK 14 OF MAPS, AT PAGES 15 AND 16.

JPN 044-035-352-05A

### PARCEL TWO:

LOT 7, AS DESIGNATED UPON THAT CERTAIN MAP ENTITLED "RE-SUBDIVISION OF SUBDIVISION 'H', BELMONT COUNTY CLUB PROPERTIES, BELMONT, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON AUGUST 16, 1926 IN BOOK 14 OF MAPS, AT PAGES 15 AND 16.

EXCEPTING FROM PARCEL TWO, ALL THAT PORTION GRANTED TO ANDREW C. MARSHALL BY DEED RECORDED MARCH 12, 1951, IN BOOK 2036, AT PAGE 620, SAN MATEO COUNTY RECORDS.

JPN 044-035-352-08A

APN: 044-352-050-7 AND 044-353-080-3

### PARCEL THREE:

A PORTION OF LOTS 32, 33 AND 34 AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF RE-SUBDIVISION 'H', BELMONT COUNTRY CLUB PROPERTIES, BELMONT, SAN MATEO COUNTY, CALIFORNIA", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON AUGUST 16TH, 1926 IN BOOK 14 OF MAPS, AT PAGES 15 AND 16, DESCRIBED AS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 32; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT, NORTH 11° 20' 40" WEST, 95.53 FEET TO THE SOUTHWEST CORNER OF PROPERTY DESCRIBED AS PARCEL 1 IN DEED FROM ALFRED GEORGE MICHELL TO DEWEY DONATO AND LILLIAN DONATO, RECORDED AUGUST 3, 1949 IN BOOK 1695 OF OFFICIAL RECORDS AT PAGE 391, SAN MATEO COUNTY RECORDS; THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL 1, AND ALONG THE SOUTHERLY AND WESTERLY LINES PROPERTY ALSO CONVEYED BY ALFRED GEORGE MICHELL TO DEWEY DONATO AND LILLIAN DONATO BY DEED RECORDED SEPTEMBER 6, 1946 IN BOOK 1291 OF OFFICIAL RECORDS AT PAGE 283, SAN MATEO COUNTY RECORDS, NORTH 81° 09' 30" EAST, 128.79 FEET, SOUTH 52° 06' 30" EAST 22.82 FEET AND SOUTH 07° 04' 30" EAST, 76.13 FEET TO THE NORTHERLY LINE OF FOLGER DRIVE; THENCE ALONG THE NORTHERLY LINE OF FOLGER DRIVE, SOUTH 80° 00' WEST, 137.99 FEET TO THE POINT OF BEGINNING.

A.P.N. 044-351-040

J.P.N. 44-35-351-04

**INFORMATIONAL NOTES**

1. 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. may require additional time before disbursing on deposited 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.

For Your Information, Our Wire Instructions Are:

**Wire To:**

Comerica Bank  
2321 Rosecrans Ave, Ste 5000  
El Segundo, CA 90245

Routing No.: 121137522

**Credit the Account of:**

North American Title Company  
Bank Account No.: 1893559052  
Escrow No. 55905-1008400-10

Branch/County No.: 55905

Attn: Catherine Leary

- **ACH FUNDS** - Automatic Clearing House  
North American Title Company will not accept funds in the form of ACH transfers.

2. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) COMMERCIAL known as 1510 AND 1513 FOLGER DRIVE, BELMONT, CALIFORNIA, 94002.

3. 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

4. Basic rate applies.

5. General and special taxes for the fiscal year **2009-2010**,

First installment:	<b>\$139.04, PAID</b>
Penalty:	<b>\$13.90</b>
Second installment:	<b>\$139.04, PAID</b>
Penalty:	<b>\$53.90</b>
Code area:	<b>03-001</b>
A. P. No.:	<b>044-352-050-7</b>
Exemption:	<b>\$0.00</b>
Land:	<b>\$0.00</b>
Improvement:	<b>\$0.00</b>
Total Amount:	<b>\$278.08</b>

Affects PARCEL ONE.

6. General and special taxes for the fiscal year **2009-2010**,

First installment:	<b>\$139.04, PAID</b>
Penalty:	<b>\$13.90</b>
Second installment:	<b>\$139.04, PAID</b>
Penalty:	<b>\$53.90</b>
Code area:	<b>03-001</b>
A. P. No.:	<b>044-353-080-3</b>
Exemption:	<b>\$0.00</b>
Land:	<b>\$0.00</b>
Improvement:	<b>\$0.00</b>
Total Amount:	<b>\$278.08</b>

Affects PARCEL TWO.

7. General and special taxes for the fiscal year **2009-2010**,

First installment:	<b>\$151.28, PAID</b>
Penalty:	<b>\$15.12</b>
Second installment:	<b>\$151.28, PAID</b>
Penalty:	<b>\$55.12</b>
Code area:	<b>03-001</b>
A. P. No.:	<b>044-351-040-9</b>
Exemption:	<b>\$0.00</b>
Land:	<b>\$0.00</b>
Improvement:	<b>\$0.00</b>
Total Amount:	<b>\$302.56</b>

Affects PARCEL THREE.

8. We find no open deeds of trust. Escrow please confirm before closing.

9. The map attached, if any, may or may not be a survey of the land depicted hereon. North American 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.

10. 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.

**Exhibit A (Revised 11-17-06)**

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY - 1990**

**Exclusions From Coverage**

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

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

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

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



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

**EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records
  - on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule AOR
  - in streets, alleys, or waterways that touch your landThis 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 which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

## 2006 ALTA LOAN POLICY (06-17-06)

### EXCLUSIONS FROM COVERAGE

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

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

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

### EXCEPTIONS FROM COVERAGE

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

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

## 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 which may be asserted 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.

## 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
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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

## EXCEPTIONS FROM COVERAGE

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

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

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

### EXCLUSIONS FROM COVERAGE

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

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

### GOOD FUNDS LAW

CALIFORNIA ASSEMBLY BILL 512 ("AB512") IS EFFECTIVE ON JANUARY 1, 1990. UNDER AB512, NORTH AMERICAN TITLE COMPANY, INC. ("NORTH AMERICAN TITLE COMPANY, INC.") MAY ONLY MAKE FUNDS AVAILABLE FOR MONETARY DISPERSAL 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 ("NORTH AMERICAN TITLE COMPANY, INC.") IN **CASH** OR BY ELECTRONIC TRANSFER (WIRE). BEAR IN MIND THAT CASH WILL BE ACCEPTED FROM CUSTOMERS ONLY UNDER SPECIAL CIRCUMSTANCES AS INDIVIDUALLY APPROVED BY MANAGEMENT.
- \* **NEXT 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 AGAINST A FDIC INSURED BANK).
- \* **2-5 DAY AVAILABILITY (REGULATION CC)**. 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. THIS REQUIRES A "HOLD" ON SOME CHECKS OF 2-5 DAYS OR LONGER IN SOME INSTANCES. PERSONAL CHECKS, DRAFTS, PRIVATE CORPORATION AND COMPANY CHECKS, AND FUNDING CHECKS FROM MORTGAGE COMPANIES THAT ARE NOT TELLER'S CHECKS ARE AMONG THOSE CHECKS SUBJECT TO SUCH HOLDS. (FOR FURTHER DETAILS, CONSULT CHAPTER 598, STATUTES OF 1989.)

NOTE: THE ABOVE GUIDELINES ARE IN CONFORMITY WITH THOSE ISSUED BY THE DEPARTMENT OF INSURANCE FOR ALL CALIFORNIA TITLE INSURANCE AND CALIFORNIA TITLE COMPANIES.

### PRELIMINARY CHANGE OF OWNERSHIP REPORT

NOTE: ON OR AFTER JULY 1, 1985, THE COUNTY RECORDER'S OFFICE WILL CHARGE, IN ADDITION TO THE REGULAR 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.

### IRS FORM 1099

BEFORE THE TRANSACTION CONTEMPLATED BY THIS REPORT CAN BE CLOSED, THE SELLER/BORROWER MUST FURNISH A TAXPAYER IDENTIFICATION NUMBER TO US SO THAT WE CAN FILE AN IRS FORM 1099, OR ITS EQUIVALENT, WITH THE INTERNAL REVENUE SERVICE. THIS PROCEDURE IS REQUIRED BY SECTION 6045 OF THE INTERNAL REVENUE SERVICE.

### NOTICE OF A WITHHOLDING REQUIREMENT

**State Withholding & Reporting for closings after January 1, 2003: Under California Law (Rev & Tax Code 18662) a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) an amount equal to 3.33% of the sales price in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller, or 2) a corporate seller that has no permanent place of business in California. Buyer may be subject to a penalty (equal to the greater of 10% of the amount required to be withheld or \$500) for failing to withhold and transmit the funds to FTB in the time required by law. Buyer is not required to withhold any amount and will not be subject to penalty for failure to withhold if: a) the sale price of the Real Property does not exceed \$100,000; b) the seller executes a written certificate under penalty of perjury certifying that the seller is a corporation with a permanent place of business in California; or c) the seller, who is an individual, executes a written certificate under penalty of perjury certifying one of the following: (i) the Real Property was the seller's principal residence (as defined in IRC 121); (ii) the Real property was last used as seller's principal residence without regard to time period; (iii) the Real Property is or will be exchanged for property of like kind (as defined in IRC 1031) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1031; (iv) the Real Property has been compulsorily or involuntarily converted (as defined in IRC 1033) and the seller intends to acquire property similar or related in service or use as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1033; or (v) the Real Property sale will result in loss of California income tax purposes. Seller is subject to penalties for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding laws. FTB may grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.**

For additional information regarding California withholding, contact the Franchise Tax Board at (toll free) 888-792-4900, or by e-mail at [urws@ftb.ca.gov](mailto:urws@ftb.ca.gov) or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## 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 with-holding 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 be paid off in escrow.
- D. The items are to be subordinated to the new transaction.

### **IV. Community Property**

California is a community property state:

- 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?
- Are the sellers of this transaction residents of California?
- 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.

# 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 below<sup>1</sup> (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.
- 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.



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## **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.

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## **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.

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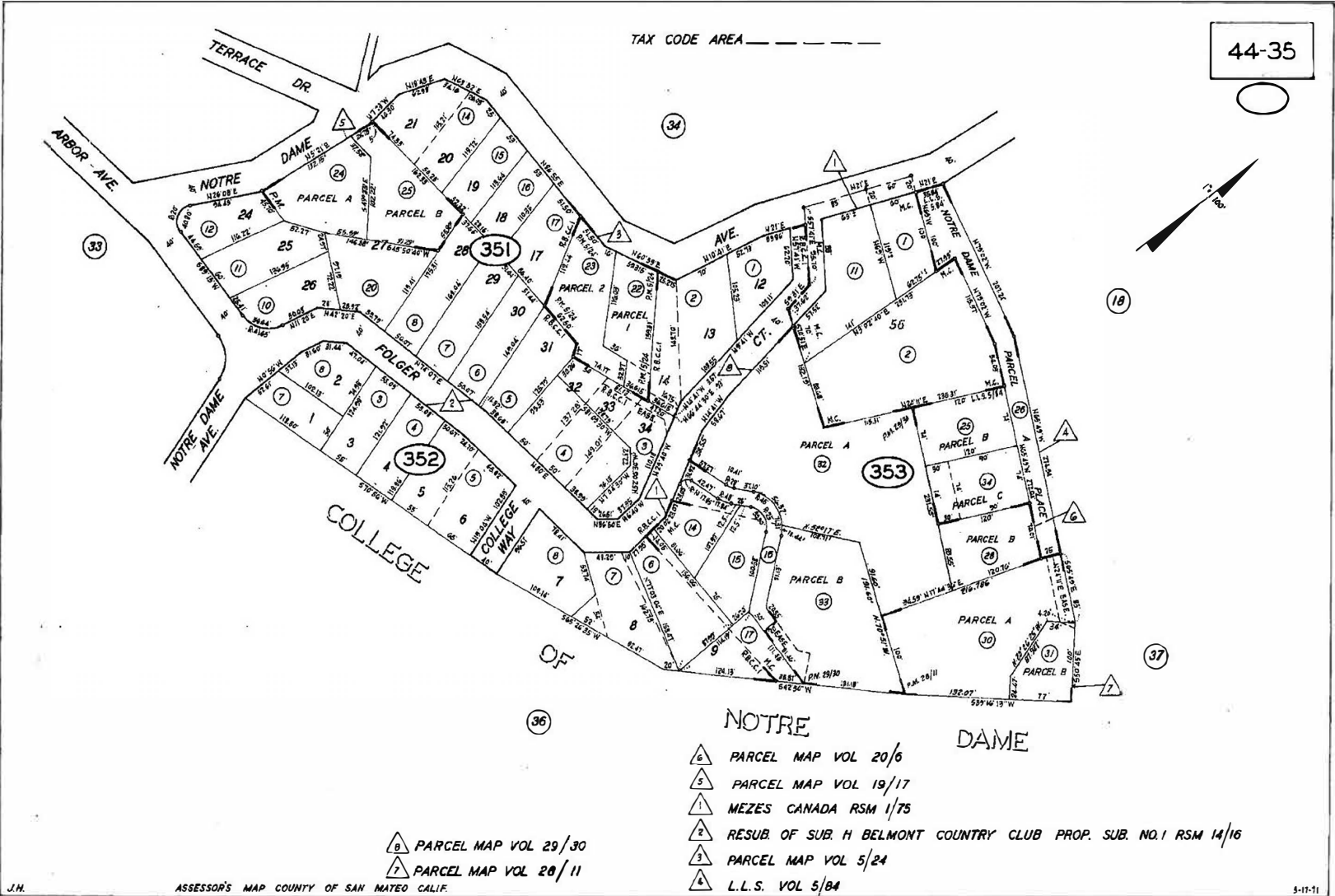
1The North American Title Group Family of Companies are: North American Title Company, North American Title Insurance Company, North American Title Alliance, LLC, North American Title Florida Alliance, LLC, North American Services, LLC, North American Exchange Company, North American Title Agency, North American Abstract Agency and North American Legal Services, L.L.C.

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## **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.

44-35



- △ 6 PARCEL MAP VOL 20/6
- △ 5 PARCEL MAP VOL 19/17
- △ 1 MEZES CANADA RSM 1/75
- △ 2 RESUB. OF SUB. H BELMONT COUNTRY CLUB PROP. SUB. NO.1 RSM 14/16
- △ 3 PARCEL MAP VOL 5/24
- △ 4 L.L.S. VOL 5/84

- △ 8 PARCEL MAP VOL 29/30
- △ 7 PARCEL MAP VOL 28/11

ASSESSOR'S MAP COUNTY OF SAN MATEO CALIF.

J.H.

5-17-11



330 Primrose Road, Suite 600  
Burlingame, CA 94010  
(650)696-1725  
(650)344-7680

Tom Hovorka  
Prudential California Realty Fine Homes  
320 Primrose Road  
Burlingame, CA 94010

**DIRECT ALL INQUIRIES TO:**

Escrow Officer: Catherine Leary  
Phone: (650)696-1725  
Fax No.: (650)344-7680  
E-Mail: cleary@nat.com  
E-Mail Loan Documents to: nocal.burlingame@natdocs.com

**Property:** VACANT LOT  
BELMONT, CA 94002

**Buyer:** Buyer Pending

**Owner:** Mid Peninsila Water District

**PRELIMINARY REPORT**

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE,

**North American Title Insurance 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. The Policy to be issued may contain an Arbitration Clause. When the amount if insurance is less than that set forth in the Arbitration Clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the Parties. Limitations on covered risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a deductible amount and a maximum dollar limit of liability for certain coverages are also set forth in 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 condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

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

Dated as of May 07, 2010 at 7:30 A.M.

Jim White, Title Officer

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

1990 CLTA  
ALTA LOAN 2006

A specific request should be made if another form or additional coverage is desired.

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

MID-PENINSULA WATER DISTRICT, WHO ACQUIRED TITLE AS BELMONT COUNTY WATER DISTRICT

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

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. General and special taxes and assessments for the fiscal year 2010-2011, a lien not yet due or payable.
2. GENERAL/SPECIAL PROPERTY TAXES FOR FISCAL YEAR 2009-2010 AND POSSIBLE PRIOR YEARS WERE NOT ASSESSED.
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. SAID PROPERTY HAS BEEN DECLARED A MELLO ROOS DISTRICT UNDER CHAPTER 1110 (SB 682-MELLO).  
  
DISTRICT: BEL CFD 2001-1 LIB
5. AN EASEMENT FOR PUBLIC STREET PURPOSES OVER THAT PORTION OF SAID LAND INCLUDED WITHIN COLLEGE DRIVE AS SHOWN UPON THE MAP OF RESUBDIVISION OF BLOCK H, BELMONT COUNTRY CLUB PROPERTIES, RECORDED ON AUGUST 16TH, 1926 IN BOOK 14 OF MAPS, AT PAGE 15.
6. PRIVATE EASEMENTS FOR INGRESS AND EGRESS TO AND FROM COLLEGE DRIVE, IN FAVOR OF THE OWNERS OF OTHER LOTS ON THE MAP HEREIN REFERRED TO, SUCH EASEMENTS HAVING BEEN ACQUIRED UNDER CONVEYANCE OF LOTS BY REFERENCE TO SAID MAP.
7. EASEMENT FOR ANY EXISTING PUBLIC UTILITIES, INCLUDING BUT NOT LIMITED TO FACILITIES OF THE VESTEE.

8. THE REQUIREMENT THAT AN ORDER FROM THE PUBLIC UTILITIES COMMISSION BE OBTAINED AUTHORIZING THE PROPOSED CONVEYANCE, ENCUMBRANCE OR LEASING OF THE HEREIN DESCRIBED PROPERTY, OR OTHER SATISFACTORY EVIDENCE THAT SAID PROPERTY IS "NON-OPERATIVE PROPERTY" AND IS NOT NECESSARY OR USEFUL IN THE PERFORMANCE OF ITS DUTIES TO THE PUBLIC, AND IS NOT NEEDED FOR OR USED IN THE CONDUCT OF ITS BUSINESS.
  
9. One of the following, in accordance with the Subdivision Map Act (Section 66410 et seq. of the California Government Code):
  - a. A certificate of compliance recorded in the public records.
  - b. Filing of a final map or parcel map.
  - c. A waiver of a final map or parcel map.

## LEGAL DESCRIPTION

Real property in the City of BELMONT, County of SAN MATEO, State of CALIFORNIA, described as follows:

COLLEGE WAY AS SHOWN ON THAT CERTAIN MAP ENTITLED, "RESUBDIVISION OF SUBDIVISION "H", BELMONT COUNTRY CLUB PROPERTIES, BELMONT, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON AUGUST 16, 1926 IN BOOK 14 OF MAPS AT PAGES 15 AND 16; SAID COLLEGE WAY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF LOT 7 AS SHOWN ON THE ABOVE MENTIONED MAP; THENCE FROM SAID POINT OF BEGINNING ALONG THE SOUTHWESTERLY LINE OF SAID LOT 7, SOUTH 19° 04' EAST 96.51 FEET TO THE SOUTHEASTERLY LINE OF SAID COLLEGE WAY AS SAID SOUTHEASTERLY LINE IS SHOWN ON THE AFORESAID MAP, THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 70° 56' WEST 40 FEET TO THE EASTERLY CORNER OF LOT 6 AS SHOWN ON ABOVE MENTIONED WAY; THENCE ALONG A NORTHWESTERLY LINE OF SAID LOT 6, NORTH 19° 04' WEST 102.89 FEET TO THE SOUTHEASTERLY LINE OF FOLGER DRIVE, AS SAID SOUTHEASTERLY LINE IS SHOWN ON THE ABOVE MENTIONED MAP; THENCE ALONG SAID SOUTHEASTERLY LINE NORTH 80° 00' EAST 40.5 FEET TO THE POINT OF BEGINNING.

**INFORMATIONAL NOTES**

1. 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. may require additional time before disbursing on deposited 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.

For Your Information, Our Wire Instructions Are:

**Wire To:**

Comerica Bank  
2321 Rosecrans Ave, Ste 5000  
El Segundo, CA 90245

Routing No.: 121137522

**Credit the Account of:**

North American Title Company  
Bank Account No.: 1893559052  
Escrow No. 55905-1010141-10

Branch/County No.: 55905

Attn: Catherine Leary

- **ACH FUNDS** - Automatic Clearing House  
North American Title Company will not accept funds in the form of ACH transfers.

2. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) VACANT LAND known as VACANT LOT, BELMONT, CALIFORNIA, 94002.

3. 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
4. Basic rate applies.
5. We find no open deeds of trust. Escrow please confirm before closing.
6. The map attached, if any, may or may not be a survey of the land depicted hereon. North American 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.
7. 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.



**Exhibit A (Revised 02-05-10)**

**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 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.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

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

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

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

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

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

**LIMITATIONS ON COVERED RISKS**

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

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

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

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

**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:

- Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - building;
  - zoning;
  - land use;
  - improvements on the Land;
  - land division; and
  - environmental protection.
 This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19,20, 23 or 27.
- 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.
- The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- Risks:
  - that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - 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;
  - that result in no loss to You; or
  - 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.
- Failure to pay value for Your Title.
- Lack of a right:
  - to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - 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:

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

**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:

- 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.

**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; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

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

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

**EXCEPTIONS FROM COVERAGE**

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

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

**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:

- (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 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 OWNER'S POLICY (06-17-06)**

#### **EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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

#### **EXCEPTIONS FROM COVERAGE**

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

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

**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 Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

### GOOD FUNDS LAW

CALIFORNIA ASSEMBLY BILL 512 ("AB512") IS EFFECTIVE ON JANUARY 1, 1990. UNDER AB512, NORTH AMERICAN TITLE COMPANY, INC. ("NORTH AMERICAN TITLE COMPANY, INC.") MAY ONLY MAKE FUNDS AVAILABLE FOR MONETARY DISPERSAL 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 ("NORTH AMERICAN TITLE COMPANY, INC.") IN **CASH** OR BY ELECTRONIC TRANSFER (WIRE). BEAR IN MIND THAT CASH WILL BE ACCEPTED FROM CUSTOMERS ONLY UNDER SPECIAL CIRCUMSTANCES AS INDIVIDUALLY APPROVED BY MANAGEMENT.
- \* **NEXT 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 AGAINST A FDIC INSURED BANK).
- \* **2-5 DAY AVAILABILITY (REGULATION CC)**. 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. THIS REQUIRES A "HOLD" ON SOME CHECKS OF 2-5 DAYS OR LONGER IN SOME INSTANCES. PERSONAL CHECKS, DRAFTS, PRIVATE CORPORATION AND COMPANY CHECKS, AND FUNDING CHECKS FROM MORTGAGE COMPANIES THAT ARE NOT TELLER'S CHECKS ARE AMONG THOSE CHECKS SUBJECT TO SUCH HOLDS. (FOR FURTHER DETAILS, CONSULT CHAPTER 598, STATUTES OF 1989.)

NOTE: THE ABOVE GUIDELINES ARE IN CONFORMITY WITH THOSE ISSUED BY THE DEPARTMENT OF INSURANCE FOR ALL CALIFORNIA TITLE INSURANCE AND CALIFORNIA TITLE COMPANIES.

### PRELIMINARY CHANGE OF OWNERSHIP REPORT

NOTE: ON OR AFTER JULY 1, 1985, THE COUNTY RECORDER'S OFFICE WILL CHARGE, IN ADDITION TO THE REGULAR 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.

### IRS FORM 1099

BEFORE THE TRANSACTION CONTEMPLATED BY THIS REPORT CAN BE CLOSED, THE SELLER/BORROWER MUST FURNISH A TAXPAYER IDENTIFICATION NUMBER TO US SO THAT WE CAN FILE AN IRS FORM 1099, OR ITS EQUIVALENT, WITH THE INTERNAL REVENUE SERVICE. THIS PROCEDURE IS REQUIRED BY SECTION 6045 OF THE INTERNAL REVENUE SERVICE.

### NOTICE OF A WITHHOLDING REQUIREMENT

**State Withholding & Reporting for closings after January 1, 2003: Under California Law (Rev & Tax Code 18662) a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) an amount equal to 3.33% of the sales price in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller, or 2) a corporate seller that has no permanent place of business in California. Buyer may be subject to a penalty (equal to the greater of 10% of the amount required to be withheld or \$500) for failing to withhold and transmit the funds to FTB in the time required by law. Buyer is not required to withhold any amount and will not be subject to penalty for failure to withhold if: a) the sale price of the Real Property does not exceed \$100,000; b) the seller executes a written certificate under penalty of perjury certifying that the seller is a corporation with a permanent place of business in California; or c) the seller, who is an individual, executes a written certificate under penalty of perjury certifying one of the following: (i) the Real Property was the seller's principal residence (as defined in IRC 121); (ii) the Real property was last used as seller's principal residence without regard to time period; (iii) the Real Property is or will be exchanged for property of like kind (as defined in IRC 1031) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1031; (iv) the Real Property has been compulsorily or involuntarily converted (as defined in IRC 1033) and the seller intends to acquire property similar or related in service or use as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1033; or (v) the Real Property sale will result in loss of California income tax purposes. Seller is subject to penalties for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding laws. FTB may grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.**

For additional information regarding California withholding, contact the Franchise Tax Board at (toll free) 888-792-4900, or by e-mail at [urws@ftb.ca.gov](mailto:urws@ftb.ca.gov) or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## 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 with-holding 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 be paid off in escrow.
- D. The items are to be subordinated to the new transaction.

### **IV. Community Property**

California is a community property state:

- 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?
- Are the sellers of this transaction residents of California?
- 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.



# 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 below<sup>1</sup> (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.
- 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.

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## **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.

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## **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.

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1The North American Title Group Family of Companies are: North American Title Company, North American Title Insurance Company, North American Title Alliance, LLC, North American Title Florida Alliance, LLC, North American Services, LLC, North American Exchange Company, North American Title Agency, North American Abstract Agency and North American Legal Services, L.L.C.

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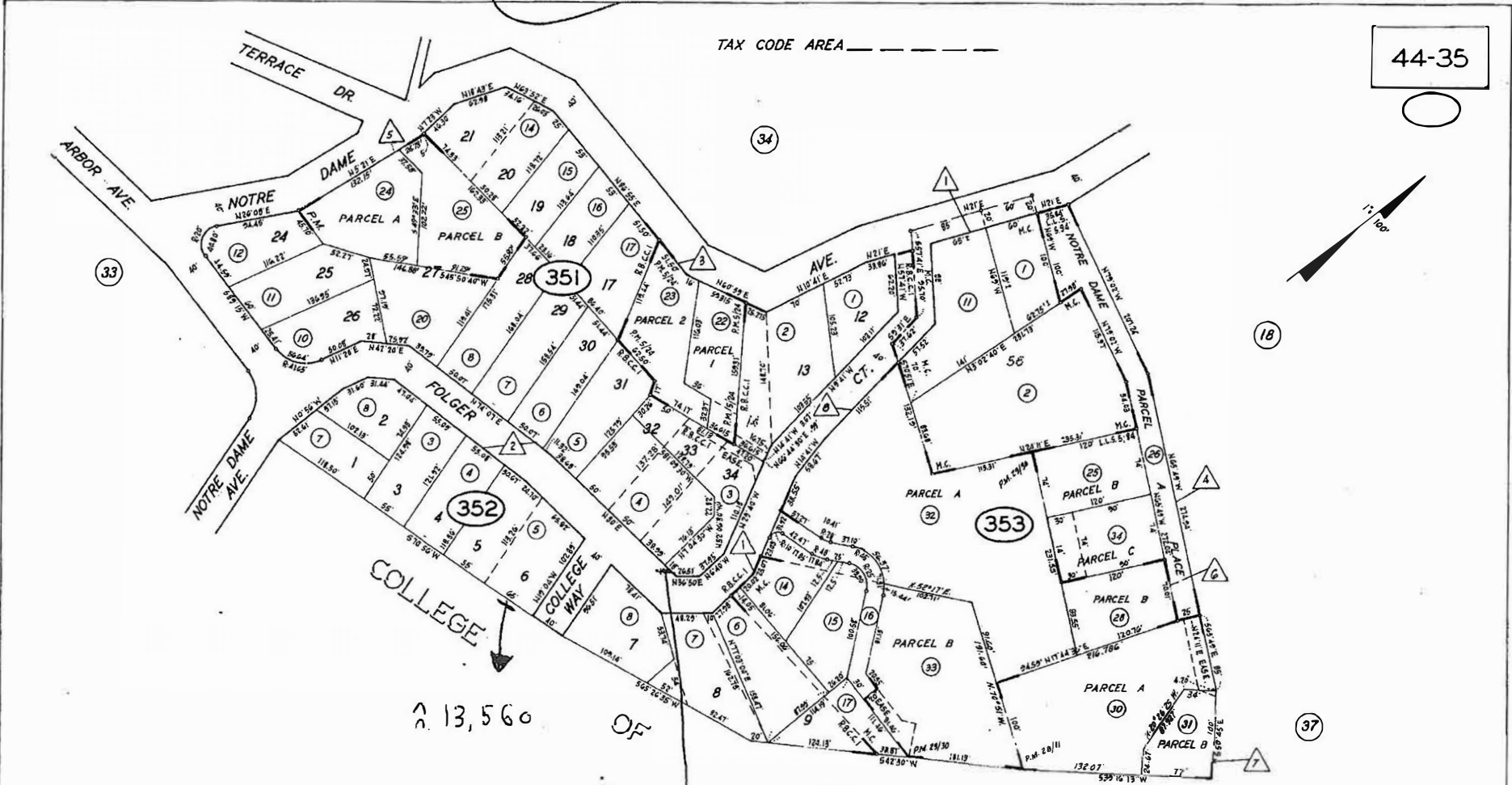
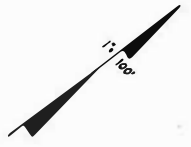
## **ACKNOWLEDGEMENT**

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.

R1B

TAX CODE AREA -----

44-35



~ 13,560 OF  
 ~ 18,906

- NOTRE DAME
- △ 6 PARCEL MAP VOL 20/6
  - △ 5 PARCEL MAP VOL 19/17
  - △ 1 MEZES CANADA RSM 1/75
  - △ 2 RESUB. OF SUB. H BELMONT COUNTRY CLUB PROP. SUB. NO.1 RSM 14/16
  - △ 3 PARCEL MAP VOL 5/24
  - △ 4 L.L.S. VOL 5/84

- △ 8 PARCEL MAP VOL 29/30
- △ 7 PARCEL MAP VOL 28/11