

# EQUITY TITLE COMPANY

1007 EAST COOLEY  
COLTON, CA 92324  
PHONE: (909) 824-2536  
FAX: (800) 609-9873

DATED AS OF APRIL 2, 2008 AT 7:30 A.M.

**COMMERCIAL PROPERTY BROKERAGE**  
28636 OLD TOWN FRONT STREET, SUITE 204  
TEMECULA, CA 92590

**YOUR NO.: MOUNTAIN SPRINGS OASIS, LLC**  
**PROPERTY ADDRESS: VACANT LAND, ESSEX,**  
**CA**

**ATTENTION: MARK WEBB**

**ORDER NO.: RV0890320**  
**TITLE OFFICER: CATHY A SARKISSIAN**

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## "PRELIMINARY REPORT"

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE, **EQUITY TITLE COMPANY** HEREBY REPORTS THAT IT IS PREPARED TO ISSUE, OR CAUSE TO BE ISSUED, AS OF THE DATE HEREOF, A POLICY OR POLICIES OF TITLE INSURANCE DESCRIBING THE LAND AND THE ESTATE OR INTEREST THEREIN HEREINAFTER SET FORTH, INSURING AGAINST LOSS WHICH MAY BE SUSTAINED BY REASON OF ANY DEFECT, LIEN OR ENCUMBRANCE NOT SHOWN OR REFERRED TO AS AN EXCEPTION BELOW OR NOT EXCLUDED FROM COVERAGE PURSUANT TO THE PRINTED SCHEDULES, CONDITIONS AND STIPULATIONS OF SAID POLICY FORMS.

THE PRINTED EXCEPTIONS AND EXCLUSIONS FROM THE COVERAGE OF SAID POLICY OR POLICIES ARE SET FORTH IN EXHIBIT B 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 SET FORTH IN THE POLICY. COPIES OF THE POLICY FORMS SHOULD BE READ. THEY ARE AVAILABLE FROM THE OFFICE THAT ISSUED THIS REPORT.

**PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN EXHIBIT B 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.

THE FORM OF POLICY OF TITLE INSURANCE CONTEMPLATED BY THIS REPORT IS:

- CALIFORNIA LAND TITLE ASSOCIATION/AMERICAN LAND TITLE ASSOCIATION HOMEOWNERS POLICY
- AMERICAN LAND TITLE ASSOCIATION LOAN POLICY
- CALIFORNIA LAND TITLE ASSOCIATION STANDARD POLICY
- AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL POLICY

**SCHEDULE A**

THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A FEE**

TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

**THE MOUNTAIN SPRINGS OASIS LLC, A NEVADA LIMITED LIABILITY COMPANY**

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

**SEE EXHIBIT "A" ATTACHED HERETO**

**EXHIBIT "A"**

**THE NORTH 1/2 OF SECTION 36, TOWNSHIP 9 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF. EXCEPTING THEREFROM AN UNDIVIDED 1/16TH OF ALL COAL, OIL, GAS AND OTHER MINERAL DEPOSITS, IN SAID LAND, AS RESERVED IN THE PATENT FROM THE STATE OF CALIFORNIA, RECORDED JULY 1, 1941, IN BOOK 1485, PAGE 205, OFFICIAL RECORDS. ALSO EXCEPT THEREFROM THE EAST 1/2 OF THE NORTHEAST 1/4 OF SAID SECTION. ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED MARCH 31, 1968, IN BOOK 6995, PAGE 170, OFFICIAL RECORDS.**

**\*\*\*END OF LEGAL DESCRIPTION\*\*\***

**SCHEDULE B**

AT THE DATE HEREOF EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM DESIGNATED ON THE FACE PAGE OF THIS REPORT WOULD BE AS FOLLOWS:

## A. GENERAL AND SPECIAL TAXES FOR THE FISCAL YEAR 2007-2008

TOTAL:	\$2,294.91	
FIRST INSTALLMENT:	\$1,147.46	DELINQUENT
PENALTY:	\$114.75	

DUE DATE:	NOVEMBER 1, 2007
DELINQUENT DATE:	DECEMBER 10, 2007

SECOND INSTALLMENT:	\$1,147.45	OPEN
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DATE DUE:	FEBRUARY 1, 2008
DELINQUENT DATE:	APRIL 10, 2008

ASSESSED VALUATION:	
LAND VALUE:	\$208,080.00
IMPROVEMENTS:	\$0.00
EXEMPTION:	\$0.00

CODE AREA:	096005
A. P. NO.:	0656-251-01-0-000

## B. THE LIEN OF SUPPLEMENTAL TAXES ASSESSED PURSUANT TO CHAPTER 3.5 COMMENCING WITH SECTION 75 OF THE CALIFORNIA REVENUE AND TAXATION CODE.

1. THE PROPERTY COVERED HEREIN LIES WITHIN THE BOUNDARIES OF VARIOUS ASSESSMENT DISTRICTS AND ANY AMENDMENTS THERETO. SAID ASSESSMENT IS INCORPORATED INTO THE REGULAR PROPERTY TAX BILL AND IS PART OF THE GENERAL TAX COLLECTION PROCESS.
2. WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.
3. AN EASEMENT FOR PURPOSES STATED AND INCIDENTAL RIGHTS.

FOR:	EITHER OR BOTH POLE LINES, CONDUITS
RECORDED:	IN BOOK 5132, PAGE 587, OF OFFICIAL RECORDS.

AFFECTS:	THAT PORTION OF SAID LAND DESCRIBED THEREIN.
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4. THE FACT THAT ACCESS RIGHTS TO THE FREEWAY, WERE RELINQUISHED BY DEED TO THE STATE OF CALIFORNIA.

LOCATION:	WITHIN THE NORTH 1/2 OF SECTION 36, TOWNSHIP 9 NORTH, RANGE 18 EAST
RECORDED:	MARCH 21, 1968, IN BOOK 6995 PAGE 170, OFFICIAL RECORDS

5. AN EASEMENT FOR PURPOSES STATED AND INCIDENTAL RIGHTS.

FOR: EITHER OR BOTH POLE LINES, CONDUITS  
RECORDED: IN BOOK 7643, PAGE 909, OF OFFICIAL RECORDS.

AFFECTS: THAT PORTION OF SAID LAND DESCRIBED THEREIN.

6. AN EASEMENT FOR PURPOSES STATED AND INCIDENTAL RIGHTS.

FOR: MOBILE COMMUNICATIONS  
GRANTED TO: INTER-CONNECT TOWERS, A DELAWARE LIMITED LIABILITY COMPANY  
RECORDED: APRIL 26, 2000 AS INSTRUMENT NO. 20000142749, OF OFFICIAL RECORDS.

AFFECTS: THAT PORTION OF SAID LAND DESCRIBED THEREIN.

7. AN EASEMENT FOR PURPOSES STATED AND INCIDENTAL RIGHTS.

FOR: MOBILE COMMUNICATIONS SERVICES  
GRANTED TO: INTER-CONNECT TOWERS, LLC, A DELAWARE LIMITED LIABILITY COMPANY  
RECORDED: OCTOBER 17, 2001 AS INSTRUMENT NO. 20010471285, OF OFFICIAL RECORDS.

AFFECTS: THAT PORTION OF SAID LAND DESCRIBED THEREIN.

8. AN EASEMENT FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES.

GRANTED TO: SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION  
RECORDED: JUNE 19, 2002 AS INSTRUMENT NO. 2002-0316903, OF OFFICIAL RECORDS.

AFFECTS: THAT PORTION OF SAID LAND DESCRIBED THEREIN.

**9. A DEED OF TRUST TO SECURE AN ORIGINAL INDEBTEDNESS AND ANY OTHER AMOUNTS OR OBLIGATIONS SECURED THEREBY**

**AMOUNT: \$90,000.00**  
**DATED: FEBRUARY 18, 2003**  
**TRUSTOR: STEVE GRONLUND, A MARRIED MAN AS HIS SOLE AND SEPARATE PROPERTY**  
**TRUSTEE: MISSION OAKS NATIONAL BANK**  
**BENEFICIARY: MISSION OAKS NATIONAL BANK**  
**RECORDED: FEBRUARY 24, 2003 AS INSTRUMENT NO. 2003-0117931, OF OFFICIAL RECORDS.**  
**LOAN NO.: 90100519**

10. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "NOTICE OF INTEREST IN PROPERTY" RECORDED JANUARY 2, 2004 AS INSTRUMENT NO. 2004-0001462, OF OFFICIAL RECORDS.

11. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "WARRANTY DEED" RECORDED JANUARY 2, 2004 AS INSTRUMENT NO. 2004-0001463, OF OFFICIAL RECORDS.

12. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "DEED INTO LAND TRUST", EXECUTED BY AND BETWEEN STEVE GRONLUND, PARTY OF THE FIRST PART, AND OASIS LAND TRUST, A LAND TRUST (AN EXECUTORY TRUST), ALEX GONZALEZ AS TRUSTEE, PARTY OF THE SECOND PART, RECORDED JANUARY 14, 2005 AS INSTRUMENT NO. 2005 0033616, OF OFFICIAL RECORDS.

AFFECTS: THE LAND AND OTHER PROPERTY.

13. ANY DEFECTS, LIENS, ENCUMBRANCES OR OTHER MATTERS WHICH NAME PARTIES WITH THE SAME OR SIMILAR NAMES AS ALEX GONZALEZ.

**\*\*\*END OF SCHEDULE B\*\*\***

**REQUIREMENTS:**

14. WITH RESPECT TO THE MOUNTAIN SPRINGS OASIS LLC, A NEVADA, A LIMITED LIABILITY COMPANY:

A. A COPY OF ITS OPERATING AGREEMENT AND ANY AMENDMENTS THERETO;

B. IF IT IS A CALIFORNIA LIMITED LIABILITY COMPANY, THAT A CERTIFIED COPY OF ITS ARTICLES OF ORGANIZATION (LLC-1) AND ANY CERTIFICATE OF CORRECTION (LLC-11), CERTIFICATE OF AMENDMENT (LLC-2), OR RESTATEMENT OF ARTICLES OF ORGANIZATION (LLC-10) BE RECORDED IN THE PUBLIC RECORDS;

C. IF IT IS A FOREIGN LIMITED LIABILITY COMPANY, THAT A CERTIFIED COPY OF ITS APPLICATION FOR REGISTRATION (LLC-5) BE RECORDED IN THE PUBLIC RECORDS;

D. WITH RESPECT TO ANY DEED, DEED OF TRUST, LEASE, SUBORDINATION AGREEMENT OR OTHER DOCUMENT OR INSTRUMENT EXECUTED BY SUCH LIMITED LIABILITY COMPANY AND PRESENTED FOR RECORDATION BY THE COMPANY OR UPON WHICH THE COMPANY IS ASKED TO RELY, THAT SUCH DOCUMENT OR INSTRUMENT BE EXECUTED IN ACCORDANCE WITH ONE OF THE FOLLOWING, AS APPROPRIATE:

(I) IF THE LIMITED LIABILITY COMPANY PROPERLY OPERATES THROUGH OFFICERS APPOINTED OR ELECTED PURSUANT TO THE TERMS OF A WRITTEN OPERATING AGREEMENT, SUCH DOCUMENT MUST BE EXECUTED BY AT LEAST TWO DULY ELECTED OR APPOINTED OFFICERS, AS FOLLOWS: THE CHAIRMAN OF THE BOARD, THE PRESIDENT OR ANY VICE PRESIDENT, AND ANY SECRETARY, ASSISTANT SECRETARY, THE CHIEF FINANCIAL OFFICER OR ANY ASSISTANT TREASURER;

(II) IF THE LIMITED LIABILITY COMPANY PROPERLY OPERATES THROUGH A MANAGER OR MANAGERS IDENTIFIED IN THE ARTICLES OF ORGANIZATION AND/OR DULY ELECTED PURSUANT TO THE TERMS OF A WRITTEN OPERATING AGREEMENT, SUCH DOCUMENT MUST BE EXECUTED BY AT LEAST TWO SUCH MANAGERS OR BY ONE MANAGER IF THE LIMITED LIABILITY COMPANY PROPERLY OPERATES WITH THE EXISTENCE OF ONLY ONE MANAGER.

E. OTHER REQUIREMENTS WHICH THE COMPANY MAY IMPOSE FOLLOWING ITS REVIEW OF THE MATERIAL REQUIRED HEREIN AND OTHER INFORMATION WHICH THE COMPANY MAY REQUIRE.

**NOTES:**

**NOTE:** NO POLICY OF TITLE INSURANCE HAS BEEN ISSUED ON THIS PROPERTY WITHIN THE LAST FIVE YEARS. THE BASIC RATE WILL APPLY WHEN A POLICY IS ISSUED UNDER THE ABOVE ORDER NUMBER.

**NOTE:** ANY DEFECTS, LIENS, ENCUMBRANCES OR OTHER MATTERS WHICH NAME PARTIES WITH THE SAME OR SIMILAR NAMES AS THE MOUNTAIN SPRINGS OASIS LLC. THE NAME SEARCH NECESSARY TO ASCERTAIN THE EXISTENCE OF SUCH MATTERS HAS NOT BEEN COMPLETED. IN ORDER TO COMPLETE THIS PRELIMINARY REPORT OR COMMITMENT, WE WILL REQUIRE A STATEMENT OF INFORMATION.

**IMPORTANT:** PLEASE FORWARD THE STATEMENT OF INFORMATION TO US AS SOON AS POSSIBLE, BUT NO LATER THAN 10 WORKING DAYS BEFORE CLOSING. THIS WILL HELP TO AVOID ANY LAST MINUTE DELAYS WITH YOUR CLOSING AND RECORDING.

**NOTE:** AS OF JANUARY 1, 1990, CHAPTER 598, CALIFORNIA STATUTES OF 1989. (AB 512; INSURANCE CODE SECTION 12413.1) BECAME EFFECTIVE. THE LAWS REQUIRES THAT ALL FUNDS BE DEPOSITED AND AVAILABLE FOR WITHDRAWAL BY THE TITLE ENTITY'S ESCROW OR SUBESCROW ACCOUNT PRIOR TO DISBURSEMENT OF ANY FUNDS.

ONLY CASH OR WIRED FUNDS CAN BE GIVEN IMMEDIATE AVAILABILITY UPON DEPOSIT.

CASHIER'S CHECKS, TELLER'S CHECKS AND CERTIFIED CHECKS MAY BE AVAILABLE ONE BUSINESS DAY AFTER DEPOSIT.

ALL OTHER FUNDS SUCH AS PERSONAL, CORPORATE OR PARTNERSHIP CHECKS AND DRAFTS MAY CAUSE MATERIAL DELAYS IN DISBURSEMENT OF FUNDS ON THIS ORDER.

IN ORDER TO AVOID DELAYS, ALL FUNDS SHOULD BE WIRE TRANSFERRED. OUTGOING WIRE TRANSFER WILL NOT BE AUTHORIZED UNTIL CONFIRMATION OF THE RESPECTIVE INCOMING WIRE TRANSFER OR AVAILABILITY OF DEPOSITED CHECKS.

WIRING INFORMATION FOR THIS OFFICE IS AS FOLLOWS:

COMERICA BANK  
2321 ROSECRANS AVENUE #5000  
EL SEGUNDO, CALIFORNIA 90245

CREDIT: EQUITY TITLE COMPANY - **RV0890320**  
ABA # **121137522**  
ACCOUNT # **1891614883**

**NOTE:** THIS COMPANY DOES REQUIRE CURRENT BENEFICIARY DEMANDS PRIOR TO CLOSING. IF THE DEMAND IS EXPIRED AND A CURRENT DEMAND CANNOT BE OBTAINED, OUR REQUIREMENTS WILL BE AS FOLLOWS:

- A. IF THIS COMPANY ACCEPTS A VERBAL UPDATE ON THE DEMAND, WE WILL HOLD AN AMOUNT EQUAL TO ONE MONTHLY MORTGAGE PAYMENT PLUS INTEREST. THIS HOLD WILL BE UP AND ABOVE THE VERBAL HOLD THE LENDER MAY HAVE STIPULATED.
- B. IF THIS COMPANY CANNOT OBTAIN A VERBAL UPDATE ON THE DEMAND, WE WILL HOLD TOTAL PROCEEDS UNTIL A CURRENT DEMAND IS RECEIVED.



**NOTE:** UNLESS OTHERWISE DIRECTED IN WRITING, EQUITY TITLE COMPANY AUTOMATICALLY ISSUES THE **ALTA/CLTA HOMEOWNER'S POLICY** ON ALL QUALIFYING RESIDENTIAL PROPERTY SALE TRANSACTIONS.

**EQUITY TITLE COMPANY**

1007 EAST COOLEY  
COLTON, CA 92324  
PHONE: (909) 824-2536  
FAX: (800) 609-9873

**ATTENTION:**

**YOUR NO.: 0656-251-01-0-000**  
**OUR NO.: RV0890320**  
**TITLE OFFICER: CATHY A SARKISSIAN**  
**DATE: PRIL 2, 2008 AT 7:30 A.M.**

**LENDERS SUPPLEMENTAL REPORT**

THE ABOVE NUMBERED REPORT (INCLUDING ANY SUPPLEMENTS OR AMENDMENTS THERETO) IS HEREBY MODIFIED AND/OR SUPPLEMENTED IN ORDER TO REFLECT THE FOLLOWING ADDITIONAL ITEMS RELATING TO THE ISSUANCE OF AN AMERICAN LAND TITLE ASSOCIATION LOAN FORM POLICY AS FOLLOWS:

KNOWN AS

**VACANT LAND / APN 0656-251-01-0-000**

ACCORDING TO THE PUBLIC RECORDS, THERE HAVE BEEN NO DEEDS CONVEYING THE LAND DESCRIBED HEREIN WITHIN A PERIOD OF THIRTY-SIX (36) MONTHS PRIOR TO THE DATE OF THIS REPORT, EXCEPT AS FOLLOWS:

NONE.

0656-25

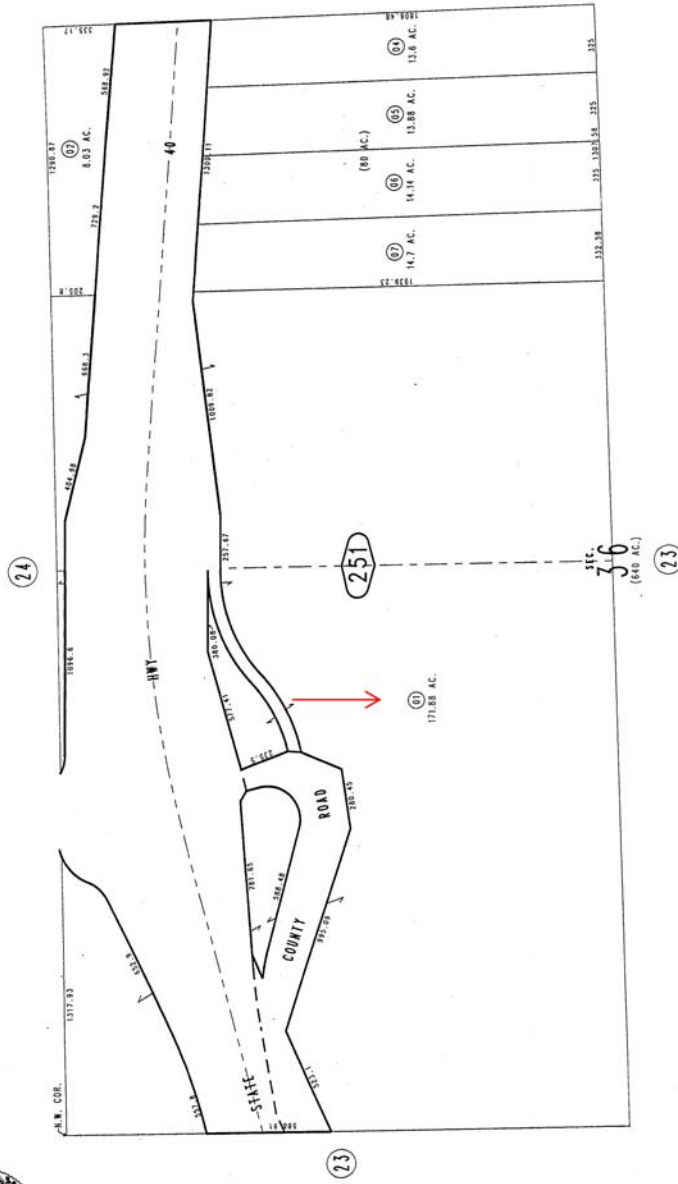
Needles Outside  
Tax Rate Area  
96005

N.1/2 Sec.36, T.9N.,R.18E., S.B.B.&M.

THIS MAP IS FOR THE PURPOSE  
OF AD VALOREM TAXATION ONLY.



Description: San Bernardino, CA Assessor Map 656.25 Page 1 of 1 Only  
Order: F Comment:



SEP 07 2005

REVISED

Assessor's Map  
Book 0656 Page 25  
San Bernardino County

June 2005

This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, the company assumes no liability for any loss occurring by reason of reliance thereon.

# **EQUITY TITLE COMPANY**

## **PRIVACY POLICY**

### **We are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, we have adopted this Privacy Policy to govern the use and handling of your personal information.

### **Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity.

### **Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

### **Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and companies involved in real estate services, such as home warranty companies.

### **Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

### **Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to help ensure that your information will be handled responsibly and in accordance with this Privacy Policy. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**EXHIBIT B**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (By Policy Type)**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990**  
**SCHEDULE B**  
**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 notice 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.

**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 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) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their 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.

**2. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992**  
**WITH A.L.T.A. 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 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 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 of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992**  
**WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances 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. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992**  
**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 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 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.

**5. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992**  
**WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by 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. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY - 1987**  
**EXCLUSIONS**

In addition to 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	land division	improvements on the land	environmental protection
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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.

**7. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2003**  
**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2003**

Covered Risks 14 (Subdivision Law Violation), 15 (Building Permit), 16 (Zoning) and 18 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability

**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:
  - (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 which appear in the public records at 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 on 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.

## 8. 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.

## 9. 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 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.

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).

## 10. 2006 ALTA LOAN POLICY (06-17-06)

### WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

### SCHEDULE B

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:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by 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. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

## 11. 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.

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.

**12. 2006 ALTA OWNER'S POLICY (06-17-06)**  
WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by 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. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.