



Lawyers Title Company  
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DAVID GIBSON ESCROW  
6351 Owensmouth #101-A  
Woodland Hills, CA 91367

Attn: DAVE GIBSON

Title Officer: Ralph J. Mason, Jr.--So  
email: tu08@ltic.com  
Phone No.: (818) 252-6040  
Fax No.: (818) 252-3732  
File No.: 111085107

Your Reference No: 22714-G

Property Address: Vacant Land, City of Malibu, California

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## UPDATED PRELIMINARY REPORT

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

In response to the application for a policy of title insurance referenced herein, Lawyers Title - LA 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions 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 Attachment One. 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. Limitation 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 Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

The policy(s) of title insurance to be issued hereunder will be policy(s) of **Commonwealth Land Title Insurance Company**.

***Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One 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.

## **SCHEDULE A**

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

CLTA Standard Owners  
ALTA Loan 2006

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:

Grey Granite LLC, a limited liability company formed under the laws of the State of California as to Parcel 1;

Horizon View, LLC, a limited liability company formed under the laws of the State of California as to Parcel 2;

Las Tunas Beach LLC, a limited liability company formed under the laws of the State of California as to Parcel 3;

Lechuza Villas West, L.L.C., a Delaware Limited Liability Company as to Parcels 4 and 5

The land referred to herein is situated in the County of Los Angeles, State of California, and is described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

## EXHIBIT "A"

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

PARCEL 1:

THE WESTERLY 51.15 FEET, MEASURED ALONG THE NORTHERLY LINE, OF THAT PORTION OF THE GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1210 FEET, AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062867

ASSESSOR'S PARCEL NUMBER: 4449-007-014

PARCEL 2:

THE EASTERLY 50 FEET OF THE WESTERLY 101.15 FEET, SAID DISTANCE BEING MEASURED ALONG THE NORTHERLY LINE, OF THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1,210 FEET, AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE

OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062868

ASSESSOR'S PARCEL NUMBER: 4449-007-015

PARCEL 3:

THE EASTERLY 50.00 FEET OF THE WESTERLY 151.15 FEET SAID DISTANCES BEING MEASURED ALONG THE NORTHERLY LINE OF THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1210 FEET AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062869

ASSESSOR'S PARCEL NUMBER: 4449-007-016

PARCEL 4:

THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1,210 FEET AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM THE ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THE WESTERLY 151.15 FEET MEASURED ALONG THE NORTHERLY LINE OF THE ABOVE DESCRIBED LAND, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062870

ASSESSOR'S PARCEL NUMBER: 4449-007-017

PARCEL 5:

THAT PORTION OF LOT 5 SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY WHICH BEARS SOUTH 23° 44' 00" EAST 40 FEET, FROM ENGINEERS CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY, TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS; THENCE EASTERLY ALONG A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 1,210 FEET BEING ALSO TANGENT TO THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY, A DISTANCE OF 315 FEET TO A POINT TO WHICH A RADIAL LINE OF SAID CURVE BEARS NORTH 8° 49' 03" WEST, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID CURVE A DISTANCE OF 86.25 FEET; THENCE SOUTH 7° 09' 07" WEST 115 FEET, MORE OR LESS, TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN, AS FOUND BY SURVEY ON APRIL 17, 1947; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH THE ABOVE MENTIONED RADIAL LINE WHICH BEARS SOUTH 8° 49' 03" EAST FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID RADIAL LINE NORTH 8° 49' 03" WEST 119 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062866

ASSESSOR'S PARCEL NUMBER: 4449-007-013

## **SCHEDULE B – Section A**

The following exceptions will appear in policies when providing standard coverage as outlined below:

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.

## SCHEDULE B – Section B

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

- A. Property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, to be levied for the fiscal year 2012 – 2013 which are a lien not yet payable.

- B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-013
Fiscal Year:	2011-2012
1 <sup>st</sup> Installment:	\$896.38, DELINQUENT (Due after December 10)
Penalty:	\$89.63
2 <sup>nd</sup> Installment:	\$896.37, DELINQUENT (Due after April 10)
Penalty and Cost:	\$99.63
Homeowners Exemption:	\$NONE
Code Area:	0010851

- C. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-011
Fiscal Year:	2011-2012
1 <sup>st</sup> Installment:	\$643.77, DELINQUENT (Due after December 10)
Penalty:	\$64.37
2 <sup>nd</sup> Installment:	\$643.76, DELINQUENT (Due after April 10)
Penalty and Cost:	\$74.37
Homeowners Exemption:	\$NONE
Code Area:	0010851

- D. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-016
Fiscal Year:	2011-2012
1 <sup>st</sup> Installment:	\$643.54, DELINQUENT (Due after December 10)
Penalty:	\$64.35
2 <sup>nd</sup> Installment:	\$643.53, DELINQUENT (Due after April 10)
Penalty and Cost:	\$74.35
Homeowners Exemption:	\$NONE
Code Area:	0010851

- E. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-017
Fiscal Year:	2011-2012
1 <sup>st</sup> Installment:	\$657.27, DELINQUENT (Due after December 10)
Penalty:	\$65.72
2 <sup>nd</sup> Installment:	\$657.27, DELINQUENT (Due after April 10)
Penalty and Cost:	\$75.72
Homeowners Exemption:	\$NONE
Code Area:	0010851

- F. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is \$4,327.49.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is \$4,379.72.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is \$4,431.95.

Said matter affects Parcel 5

- G. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is \$3,159.13.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,197.12.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,235.11.

Said matter affects Parcel 1

- H. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is \$3,052.75.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,089.45.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,126.15.

Said matter affects Parcel 2

- I. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is \$3,157.99.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,195.96.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,233.93.

Said matter affects Parcel 3

- J. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal

year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is \$3,224.74.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,263.52.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is \$3,302.30.

Said matter affects Parcel 4

- K. Supplemental or escaped assessments of property taxes, if any, assessed pursuant to the Revenue and Taxation Code of the State of California.
1. The right to extend and maintain drainage structures Southerly of the Southerly line of the State Highway, as granted to the State of California by Deed recorded in Book 11716, Page 337, Official Records, and as reserved by said State in document recorded in Book 14700, Page 145 Official Records
  2. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Drainage  
Recorded: in Book 19843, Page 249 Official Records  
Affects: said land more particularly described therein.
  3. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Water pipes  
Recorded: March 22, 1948 as Instrument No. 1209 in Book 26748, Page 62 Official Records  
Affects: said land more particularly described therein.
  4. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Water pipes and utilities  
Recorded: August 20, 1948 as Instrument No. 441 in Book 27982, Page 132 Official Records  
Affects: said land more particularly described therein.
  5. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Water pipes and utilities  
Recorded: August 1, 1951 as Instrument No. 369 in Book 36889, Page 74 Official Records  
Affects: said land more particularly described therein.
  6. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Water pipes and utilities  
Recorded: August 20, 1948 as Instrument No. 1500 in Book 28060, Page 279 Official Records  
Affects: said land more particularly described therein.
  7. An easement for the purpose shown below and rights incidental thereto as set forth in a document  
Purpose: Water pipes and utilities  
Recorded: September 12, 1962 as Instrument No. 2598 Official Records  
Affects: said land more particularly described therein.
  8. The matters contained in a document entitled "**Grant of Easement**" recorded January 10, 1989 as Instrument No. 89-48041 Official Records.

Reference is made to said document for full particulars.

9. The matters contained in a document entitled "**Revocable License Agreement**" recorded July 12, 1989 as Instrument No. 89-1110075 Official Records.

Reference is made to said document for full particulars.

10. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby.

Amount:	\$1,700,000.00
Dated:	October 27, 2005
Trustor:	Lechuza Villas West, L.L.C. a Delaware limited liability company
Trustee:	East West Investment Inc., a California Corporation
Beneficiary:	East West Bank
Recorded:	October 31, 2005 as Instrument No. 05-2619565 Official Records
Loan No.:	28626

11. Any adverse claim based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.
12. Rights and easements for navigation and fishery which may exist over that portion of said land lying beneath the waters of the river or stream above-mentioned.
13. Any rights in favor of the public which may exist on said land if said land or portions thereof are or were at any time used by the public.
14. Any adverse claim based upon the assertion that any portion of said land was not tideland subject to disposition by the State of California, or that any portion thereof has become submerged land by reason of erosion or has become upland by reason of accretion.
15. Rights and easements for commerce, navigation and fishery.
16. Any easements not disclosed by those public records which impart constructive notice and which are not visible and apparent from an inspection of the surface of said land.
17. Any rights, interests or claims of parties in possession of the land not shown by the public records.

**END OF SCHEDULE B EXCEPTIONS**

**PLEASE REFER TO THE "NOTES AND REQUIREMENTS SECTION" WHICH FOLLOWS FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION**

## REQUIREMENTS SECTION:

Req. No. 1: The Company will require a statement of information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: Buyers and/or Sellers

Req. No. 2: The Company will require that it be provided with the following with respect to the California limited liability company named below:  
A. A copy of its operating agreement and any amendments thereto;  
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and  
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Lechuza West LLC

Req. No. 3: The Company will require that it be provided with the following with respect to the California limited liability company named below:  
A. A copy of its operating agreement and any amendments thereto;  
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and  
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Las Tunas Beach LLC

Req. No. 4: The Company will require that it be provided with the following with respect to the California limited liability company named below:  
A. A copy of its operating agreement and any amendments thereto;  
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and  
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Grey Granite LLC

Req. No. 5: The Company will require that it be provided with the following with respect to the California limited liability company named below:  
A. A copy of its operating agreement and any amendments thereto;  
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and  
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Horizon View LLC

Req. No. 6: The Company will require that a full copy of any unrecorded lease referred to in Schedule A be furnished to this Company, together with all supplements, assignments and amendments, before issuing any policy of title insurance.

## INFORMATIONAL NOTES SECTION

- Note No. 1: The information on the attached plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.
- Note No. 2: The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs for the herein described property.
- Note No. 3: California insurance code section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds deposited with the company by wire transfer may be disbursed upon receipt. Funds deposited with the company via cashier's check or teller's check drawn on a California based bank may be disbursed on the next business day after the day of deposit. If funds are deposited with the company by other methods, recording and/or disbursement may be delayed. All escrow and sub-escrow funds received by the company will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the company in a financial institution selected by the company. The company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with such financial institution, and the company shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by the company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the company or its parent company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the company for its services in connection with the escrow or sub-escrow.

### WIRING INSTRUCTIONS FOR THIS OFFICE ARE:

**Union Bank**  
**1980 Saturn Street, V03-012**  
**Monterey Park, CA 91755**  
**(800) 849-6466**  
**ABA # 122000496**  
**CREDIT TO: Lawyers Title - LA**  
**ACCOUNT #: 9101081371**

**RE: 111085107**

**PLEASE INDICATE Lawyers Title - LA TITLE ORDER NUMBER**

- Note No. 4: Lawyers Title is a division of Commonwealth Land Title Insurance Company. The insurer in policies of title insurance, when issued in this transaction, will be Commonwealth Land Title Insurance Company.
- Note No. 5: THIS COMPANY REQUIRES 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 may hold an amount equal to one monthly mortgage payment. This hold will be in addition to the verbal hold the lender may have stipulated.

(b) If this Company cannot obtain a verbal update on the demand, we will either pay off the expired demand, or wait for the amended demand, at our discretion.

(c) All payoff figures are verified at closing. If the customer's last payment was made within 15 days of closing, our Payoff Department may hold one month's payment to insure check has cleared the bank (unless a copy of the cancelled check is provided, in which case there will be no hold).

Note No. 6: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	\$892.35 (Defaulted)
2nd Installment:	\$892.34 (Defaulted)
Exemption:	\$0.00
Code Area:	0010851
Assessment No.:	<b>4449-007-013</b>

Note No. 7: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	\$640.57 (Defaulted)
2nd Installment:	\$650.56 (Defaulted)
Exemption:	\$0.00
Code Area:	0010851
Assessment No.:	<b>4449-007-014</b>

Note No. 8: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	\$619.14 (Defaulted)
2nd Installment:	\$619.12 (Defaulted)
Exemption:	\$0.00
Code Area:	0010851
Assessment No.:	<b>4449-007-015</b>

Note No. 9: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	\$640.34 (Defaulted)
2nd Installment:	\$640.33 (Defaulted)
Exemption:	\$0.00
Code Area:	0018051
Assessment No.:	<b>4449-007-016</b>

Note No. 10: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	\$654.03 (Defaulted)
2nd Installment:	\$654.03 (Defaulted)
Exemption:	\$0.00
Code Area:	0018051
Assessment No.:	<b>4449-007-017</b>

Processor: msp  
Date Typed: May 11, 2012

## ATTACHMENT ONE

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

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

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

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

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records on the Policy Date

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

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

- 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.

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

**ATTACHMENT ONE  
(Continued)**

**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 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) 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 (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 claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**SCHEDULE B, PART I  
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:

**PART I**

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.

**ATTACHMENT ONE  
(CONTINUED)**

**FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
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 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 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.

**ATTACHMENT ONE  
(CONTINUED)**

**2006 AMERICAN LAND TITLE ASSOCIATION 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.

**ATTACHMENT ONE  
(CONTINUED)**

**FORMERLY 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 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, 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.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE  
(CONTINUED)**

**2006 AMERICAN LAND TITLE ASSOCIATION 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.

**ATTACHMENT ONE  
(CONTINUED)**

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

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

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

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

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

**LIMITATIONS ON COVERED RISKS**

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

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

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

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	<u>1.00%</u> of Policy Amount or <u>\$2,500.00</u> (whichever is less)	<u>\$10,000.00</u>
Covered Risk 15:	<u>1.00%</u> of Policy Amount or <u>\$5,000.00</u> (whichever is less)	<u>\$25,000.00</u>
Covered Risk 16:	<u>1.00%</u> of Policy Amount or <u>\$5,000.00</u> (whichever is less)	<u>\$25,000.00</u>
Covered Risk 18:	<u>1.00%</u> of Policy Amount or <u>\$2,500.00</u> (whichever is less)	<u>\$5,000.00</u>

**ATTACHMENT ONE  
(CONTINUED)**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)  
EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:

- a. building;
- b. zoning;
- c. land use;
- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

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

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

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

4. Risks:

- a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
- b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
- c. that result in 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.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.

6. Lack of a right:

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

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

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

**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 \$ 2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18: 1% of Policy Amount Shown in Schedule A or \$ 5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19: 1% of Policy Amount Shown in Schedule A or \$ 5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21: 1% of Policy Amount Shown in Schedule A or \$ 2,500.00 (whichever is less)	\$ 5,000.00

**ATTACHMENT ONE  
(CONTINUED)**

**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 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 improvements 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 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 a 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 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

**ATTACHMENT ONE  
(CONTINUED)**

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07/26/10)  
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 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.
9. 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 27(b) of this policy.



Lawyers Title Company  
7530 N. Glenoaks Blvd.  
Burbank, CA 91504  
Phone: (818) 767-2000  
Fax: (818) 504-4937

Order No. 111085107

## Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

**FNF Underwritten Title Company**  
LTC – Lawyers Title Company

**FNF Underwriter**  
CLTIC – Commonwealth Land Title Insurance Co.

### **Available Discounts**

#### **DISASTER LOANS (CLTIC)**

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

#### **EMPLOYEE RATE (LTC and CLTIC)**

No charge shall be made to employees (including employees on approved retirement) of the Company or its underwritten, subsidiary or affiliated title companies for policies or escrow services in connection with financing, refinancing, sale or purchase of the employees' bona fide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.



Lawyers Title Company  
7530 N. Glenoaks Blvd.  
Burbank, CA 91504  
Phone: (818) 767-2000  
Fax: (818) 504-4937

Order No: 111085107

<p style="text-align: center;"><b>“Notice to Customers”</b> <b>(Involves Residential Real Property in California ONLY)</b></p>
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You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts, however, the maximum discount that can be given in this transaction shall be equal to \$100 (5 x \$20).

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must – prior to the close of the current transaction – inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company if the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No: \_\_\_\_\_

