



497 N. Santa Cruz Avenue
Los Gatos, CA 95030
(408)399-4100
(408)354-3212

Mike McNamara
Mike McNamara

DIRECT ALL INQUIRIES TO:

Escrow Officer: Liz Floyd
Phone: (408)399-4100
Fax No.: (408)354-3212
E-Mail: lfloyd@nat.com
E-Mail Loan Documents to: nocal.losgatos@natdocs.com

Property: 20730 Brush Road
Los Gatos, CA 95033
Owner: Los Gatos Real, LLC

PRELIMINARY REPORT

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

North American Title Insurance Company

Hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

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

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

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

Dated as of September 07, 2007 at 7:30 A.M.

Nancy Sloan, Title Officer

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

1992 - ALTA Extended Coverage Loan Policy
2003 - ALTA/CLTA Homeowner's Policy

Eagle Protection Policy (1998) (CLTA/ALTA Homeowner's Policy of Title Insurance) if the land described is an improved residential lot or condominium unit on which there is located a one to four family residence, or ALTA Owner's Policy (1992) with Regional Exceptions if the land described is an unimproved residential lot; ALTA Loan Policy (1992) with ALTA Endorsement-Form 1 Coverage with Eagle Protection Added.

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

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

Los Gatos Real, LLC, a California Limited Liability Company

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

A fee as to Parcel(s) One, an easement as to Parcel(s) Two.

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. General and special taxes for the fiscal year **2007-2008**,
First installment: **\$5,858.82, OPEN**
Second installment: **\$5,858.82, OPEN**
Code area: **80 001**
A. P. No.: **544-35-002**
Exemption: **\$0.00**
Land: **\$860,389.00**
Improvement: **\$114,717.00**
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. The lien of special tax for the following community facilities district, which tax is collected with the county taxes.

District: County Library
4. An easement for transmission and distribution of electricity and right of way and incidental purposes, recorded September 20, 1939 in Book 948, Page 294 of Official Records.
In Favor of: Pacific Gas and Electric Company
Affects: As described in the document herein referred to

5. The terms and provisions contained in the document entitled Agreement, executed by and between Fred Lewis Foster, recorded February 11, 1941 in Book 1028, Page 80 of Official Records.
6. An easement for public utilities and water pipelines and incidental purposes, recorded March 27, 1952 in Book 2390, Page 482 of Official Records.
In Favor of: Adelaide M. Alford Scott
Affects: As described in the document herein referred to
7. The terms and provisions contained in the document entitled "Grant deed" recorded October 16, 1953 in Book 2740, Page 523 of Official Records.
8. An easement for ingress and egress and incidental purposes, recorded March 29, 1982 as Instrument No. 7324337 in Book G692, Page 572 of Official Records.
In Favor of: JML Construction, Inc., a California corporation
Affects: As described in the document herein referred to
9. The terms and provisions contained in the document entitled "Grant Deed" recorded September 30, 1987 as Instrument No. 9450172 in Book K310, Page 699 of Official Records.

The effect of a document entitled "Individual Quitclaim Deed", recorded May 12, 2004 as Instrument No. 17783236 of Official Records.
10. The terms and provisions contained in the document entitled Brush Road Association Agreement and Right of Way Easement, executed by and between too numerous to mention, recorded May 18, 1988 in Book K539, Page 317 as Instrument No. 9695944 of Official Records.

Document(s) declaring modifications thereof recorded May 18, 1988 in Book K539, Page 317 of Official Records.

Document(s) declaring modifications thereof recorded April 25, 1994 as Instrument No. 12463674 of Official Records.

Document(s) declaring modifications thereof recorded September 22, 1994 as Instrument No. 12660743 of Official Records.

Document(s) declaring modifications thereof recorded October 15, 2003 as Instrument No. 17417342 of Official Records.
11. An easement for ingress and egress and incidental purposes, recorded May 4, 1990 as Instrument No. 10510860 in Book L344, Page 37 of Official Records.
In Favor of: Darrel G. Bumgarner and Connie Z. Bumgarner
Affects: As described in the document herein referred to
12. A Notice of Code Violation

Recorded: March 18, 1997
Instrument No.: 13642797

13. A Notice of Code Violation

Recorded: March 18, 1997
Instrument No.: 13642798

14. The terms and provisions contained in the document entitled Individual Grant Deed, executed by and between Charles W. Blodgett, Trustee of the Blodgett Family Trust established March 14, 1990 and Brian J. Martia and Carrie R. Martin. husband and wife, as community property, recorded July 2, 1998 as Instrument No. 14263799 of Official Records.

The effect of a document entitled "Individual Quitclaim Deed", recorded May 12, 2004 as Instrument No. 17783236 of Official Records.

15. A deed of trust to secure an original indebtedness of \$615,000.00 recorded February 2, 2004 as Instrument No. 17598050 of Official Records.

Dated: January 26, 2004
Trustor: Los Gatos Real, LLC, a California Limited Liability Company
Trustee: First Santa Clara Corporation, a California corporation
Beneficiary: Bank of the West

A document entitled "Assignment of Rents" recorded February 2, 2004 as Instrument No. 17598051 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded February 2, 2004 as Instrument No. 17598050 of Official Records.

16. With respect to Los Gatos Real, LLC, 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.

17. The policy liability contemplated by this transaction exceeds our local limit. Underwriter approval must be obtained from the Home Office or Regional Office prior to closing. Please contact the Title Officer in advance of the closing date to discuss the specifics of the proposed transaction, including identity of proposed insured(s), endorsement requirements, and exceptions which are to be eliminated.

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Clara, State of California, described as follows:

BEGINNING AT A 4" X 6" STAKE SET AT THE NORTHEASTERLY CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.; THENCE FROM SAID POINT OF BEGINNING, N. 88° 48' W. ALONG THE NORTHERLY LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8 FOR A DISTANCE OF 632.93 FEET TO A 3/4 INCH IRON PIPE SET AT THE POINT OF INTERSECTION THEREOF WITH THE CENTER LINE OF A RIGHT OF WAY 20.00 FEET IN WIDTH, HEREINAFTER DESCRIBED; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID 20.00 FOOT RIGHT OF WAY FOR THE FOLLOWING COURSES AND DISTANCES: S. 63° 45'E. 87.15 FEET TO A HARROW TOOTH, S. 53° 19'E. 59.39 FEET TO A HARROW TOOTH, S. 45° 11' E. 42.85 FEET TO A HARROW TOOTH, S. 39° 02'E. 115.00 FEET TO A HARROW TOOTH, S. 48° 04'E. 47.10 FEET TO A HARROW TOOTH, S. 63° 22' E. 41,15 FEET TO A HARROW TOOTH, S. 71° 40'E. 124.09 FEET TO A HARROW TOOTH, S. 61° 10' E, 47.57 FEET TO A HARROW TOOTH, S. 45°03'E. 64.09 FEET TO A HARROW TOOTH, S. 35° 40' E. 55.48 FEET TO A HARROW TOOTH, S. 24° 32' E. 78.43 FEET TO A HARROW TOOTH AND S. 31° 07'E. 117.22 FEET TO A 3/4 INCH IRON PIPE SET AT THE POINT OF INTERSECTION OF THE CENTER LINE OF SAID 20.00 FOOT RIGHT OF WAY WITH THE EASTERLY LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8 FROM WHICH A 4" X 4" STAKE MARKED "BR-246" IN SAID EASTERLY LINE BEARS N. 0° 16' E. 27.70 FEET; THENCE N. 0° 16'E. 27.70 FEET; THENCE N. 0° 16' E. ALONG SAID EASTERLY LINE 526.40 FEET TO THE POINT OF BEGINNING AND BEING A PORTION OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE I WEST, M.D.B. & M.

A RIGHT OF WAY FOR THE PURPOSE OF INGRESS AND EGRESS AND FOR THE INSTALLATION AND MAINTENANCE OF PUBLIC UTILITIES OVER A STRIP OF LAND 20.00 FEET IN WIDTH, THE CENTER LINE OF WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 8 SOUTH, RANGE 1 WEST, M.D.B. & M., DISTANT THEREON SOUTH 26.00 FEET FROM THE SOUTHERNMOST CORNER OF THAT CERTAIN 1.052 ACRE TRACT OF LAND DESCRIBED IN THE DEED FROM FRED LEWIS FOSTER TO HUGH B. PORTER, ET UX, DATED SEPTEMBER 4, 1942, RECORDED SEPTEMBER 23, 1942 IN BOOK 1112 OF OFFICIAL RECORDS, PAGE 293, SANTA CLARA COUNTY RECORDS; THENCE N. 36°48'30" E. 37.42 FEET TO A NAIL AND TIN AT ONE OF THE ANGLE POINT IN THE SOUTHEASTERLY LINE OF SAID 1.052 ACRE TRACT OF LAND, SAID LAST MENTIONED POINT BEING N. 79° 59'E. 22.77 FEET FROM A ONE INCH PIPE AT THE SOUTHWEST CORNER OF THE WITHIN MENTIONED POINT 1.052 ACRE TRACT OF LAND; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID 1.052 ACRE TRACT OF LAND, N. 57°27' E. 84.20 FEET TO A HARROW TOOTH; THENCE N. 66°13' E. 177.00 FEET TO A NAIL AND TIN FOUND; THENCE N. 52°25'E. 77.47 FEET TO A ONE INCH PIPE FOUND AT THE SOUTHEASTERLY CORNER OF SAID 1.052 ACRE TRACT OF LAND; THENCE CONTINUING ON THE SAME COURSE N. 52°25'E. 16.35 FEET TO A NAIL AND TIN FOUND; THENCE N. 60°40'E. 79.81 FEET TO A 3/4 INCH PIPE IN THE NORTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.; THENCE CONTINUING ON THE SAME COURSE N. 60°40' E. 77.45 FEET TO A HARROW TOOTH; THENCE N. 76°42'E. 40.98 FEET TO A HARROW TOOTH; THENCE S. 88° 10' E. 38.18 FEET TO A HARROW TOOTH; THENCE S. 75°45'E. 45.40 FEET TO A HARROW TOOTH; THENCE S. 63° 45'E. 91.85 FEET TO A 3/4 INCH PIPE IN THE NORTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8; THENCE CONTINUING ON THE SAME COURSE S. 63°45'E. 87.15 FEET TO A HARROW TOOTH; THENCE S. 53° 19'E. 59.39 FEET TO A HARROW TOOTH; THENCE S. 45° 11' E. 42.85 FEET TO A HARROW TOOTH; THENCE S. 39°02'E. 115.00 FEET TO A HARROW TOOTH; THENCE S. 48°04'E. 47.10 FEET TO A HARROW TOOTH; THENCE S. 63°22'E. 41.15 FEET TO A HARROW TOOTH; THENCE S. 71°40'E. 124.09 FEET TO A HARROW TOOTH; THENCE

S. 61° 10' E, 47.57 FEET TO A HARROW TOOTH; THENCE S. 45°03'E. 64.09 FEET TO A HARROW; THENCE S. 35° 40'E. 55.48 FEET TO A HARROW TOOTH; THENCE S. 24°32'E. 78.43 FEET TO A HARROW TOOTH; THENCE S. 31°07'E. 117.22 FEET TO A 3/4 INCH PIPE IN THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, FROM WHICH A 4" X 4" STAKE MARKED "BR-246" IN SAID EAST LINE BEARS N. 0° 16'E. 27.7 FEET; THENCE S. 3VOTE. 33.04 FEET TO A HARROW TOOTH; THENCE S. 11°55'E. 29.07 FEET; THENCE S. 32" 27W. 21.50 FEET TO A HARROW TOOTH; THENCE S. 74° 26'W. 12.37 FEET TO A 3/4 INCH PIPE IN THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, FROM WHICH A ONE INCH PIPE AT THE SOUTHEAST CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8 BEARS S. 0" 16W. 15.32 FEET; THENCE S. 74° 26'W. 11.17 FEET TO A HARROW TOOTH; THENCE N. 65°43'W. 25.69 FEET TO A HARROW TOOTH; THENCE N. 41°48'W. 78.33 FEET TO A HARROW TOOTH; THENCE N. 55°50'W. 35.25 FEET

TO A HARROW TOOTH; THENCE N. 72°14'W. 31.55 FEET TO A HARROW TOOTH; THENCE S. 77°56, W. 46.45 FEET TO A HARROW TOOTH; THENCE S. 53°55'W. 30.71 FEET TO A HARROW TOOTH; THENCE S. 25°54, W. 32.72 FEET TO A 1/2 INCH IRON BAR; THENCE S. 5° 54'W. 25.69 FEET TO A 1/2 INCH IRON BAR; AND THENCE S. 6°00'E. 23.58 FEET TO A 3/4 INCH PIPE IN THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, SAID LAST MENTIONED 3/4 IRON PIPE BEING N. 88° 56' W. 230.21 FEET FROM THE ONE INCH PIPE AT THE SOUTHEAST CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, AND SAID LAST MENTIONED 1/4 INCH PIPE BEING THE TERMINUS OF THE CENTER LINE OF THE HEREIN DESCRIBED 20 FOOT RIGHT OF WAY.

PARCEL ONE:

BEGINNING AT A 3/4 INCH PIPE AT THE SOUTHWEST CORNER OF THE NORTH 112 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.; AND THENCE ALONG THE CENTER OF SECTION 8 NORTH 425.00 FEET TO A ONE INCH PIPE FOUND AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN 1.052 ACRE TRACT OF LAND DESCRIBED IN THE DEED FROM FRED LEWIS FOSTER TO HIGH B. PORTER AND FRANCES L. PORTER, DATED SEPTEMBER 4, 1942, RECORDED SEPTEMBER 23, 1942 IN BOOK 1112 OF OFFICIAL RECORDS, PAGE 293, SANTA CLARA COUNTY RECORDS; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID 1.052 ACRE TRACT OF LAND WITH THE FOLLOWING COURSES AND DISTANCES: N. 79°59'E. 22.77 FEET TO A NAIL AND TIN FOUND; THENCE N. 57° 27'E. 84.20 FEET TO A HARROW TOOTH; THENCE N. 66°13'E. 177.00 FEET TO A NAIL AND TIN FOUND; THENCE N. 52° 25' E. 77.47 FEET TO A ONE INCH IRON PIPE FOUND; THENCE N. 1° 08'E. 50.87 FEET TO A 3/4 INCH PIPE IN THE NORTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 8; THENCE ALONG THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8; THENCE ALONG THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, S. 0° 16' W. 47.30 FEET TO A ONE INCH PIPE AT THE SOUTHEAST CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8; THENCE ALONG THE SOUTH LINE OF THE NORTH 112 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, N. 88° 5°W. 1300.9 FEET TO THE POINT OF BEGINNING, BEING A PART OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8 TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M., SANTA CLARA COUNTY RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION THEREOF AS GRANTED BY HELEN H. WHITE TO ROXANNE WHITE, BY DEED RECORDED JANUARY 5, 1956 IN BOOK 3378, PAGE 465 OFFICIAL RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 4"X 6"STAKE SET AT THE NORTHEASTERLY CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 114 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.; THENCE FROM SAID POINT OF BEGINNING, N. 88°48'W. ALONG THE NORTHERLY LINE OF THE NORTH 112 OF THE SOUTHWEST 114 OF THE NORTHEAST 114 OF SAID SECTION 8 FOR A DISTANCE OF 632.93 FEET TO A 3/4 INCH IRON PIPE SET AT THE POINT OF INTERSECTION THEREOF WITH THE CENTER LINE OF A RIGHT OF WAY 20.00 FEET IN WIDTH, HEREINAFTER DESCRIBED; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID 20.00 FOOT RIGHT OF WAY FOR THE FOLLOWING COURSES AND DISTANCES: S. 63°

45'E. 87.15 FEET TO A HARROW TOOTH, S. 53° 19' E. 59.39 FEET TO A HARROW TOOTH, S. 45° 11' E. 42.85 FEET TO A HARROW TOOTH, S. 39° 02' E. 115.00 FEET TO A HARROW TOOTH, S. 48° 04' E. 47.10 FEET TO A HARROW TOOTH, S. °3° 22'E. 41.15 FEET TO A HARROW TOOTH, S. 71° 40' E. 124.09 FEET TO A HARROW TOOTH, S. °1 ° 10' E. 47.57 FEET TO A HARROW TOOTH, S. 45° 03' E. 64.09 FEET TO A HARROW TOOTH, S. 35° 40' E. 55.48 FEET TO A HARROW TOOTH, S. 24° 32' E. 78.43 FEET TO A HARROW TOOTH AND S. 31° 07'E. 117.22 FEET TO A 3/4 INCH IRON PIPE SET AT THE POINT OF INTERSECTION OF THE CENTER LINE OF SAID 20.00 FOOT RIGHT OF WAY WITH THE EASTERLY LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8 FROM WHICH A 4"X 4"STAKE MARKED "BR-246" IN SAID EASTERLY LINE BEARS N. 0° 16'E. 27.70 FEET; THENCE N. 0° 16'E. 27.70 FEET; THENCE N. 0° 16'E. ALONG SAID EASTERLY LINE 52°.40 FEET TO THE POINT OF BEGINNING AND BEING A PORTION OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.

PARCEL TWO:

A RIGHT OF WAY FOR THE PURPOSE OF INGRESS AND EGRESS AND FOR THE INSTALLATION AND MAINTENANCE OF PUBLIC UTILITIES OVER A STRIP OF LAND 20.00 FEET IN WIDTH, THE CENTER LINE OF WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON THE WESTERLY LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 8 SOUTH, RANGE 1 WEST, M.D.B. & M., DISTANT THEREON SOUTH 26.00 FEET FROM THE SOUTHERNMOST CORNER OF THAT CERTAIN 1.052 ACRE TRACT OF LAND DESCRIBED IN THE DEED FROM FRED LEWIS FOSTER TO HUGH B. PORTER, ET UX, DATED SEPTEMBER 4, 1942, RECORDED SEPTEMBER 23, 1942 IN BOOK 1112 OF OFFICIAL RECORDS, PAGE 293, SANTA CLARA COUNTY RECORDS; THENCE N. 3°48'30" E. 37.42 FEET TO A NAIL AND TIN AT ONE OF THE ANGLE POINT IN THE SOUTHEASTERLY LINE OF SAID 1.052 ACRE TRACT OF LAND, SAID LAST MENTIONED POINT BEING N. 79°59'E. 22.77 FEET FROM A ONE INCH PIPE AT THE SOUTHWEST CORNER OF THE WITHIN MENTIONED POINT 1.052 ACRE TRACT OF LAND; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID 1.052 ACRE TRACT OF LAND, N. 57° 27'E. 84.20 FEET TO A HARROW TOOTH; THENCE N. 66° 13'E. 177.00 FEET TO A NAIL AND TIN FOUND; THENCE N. 52° 25'E. 77.47 FEET TO A ONE INCH PIPE FOUND AT THE SOUTHEASTERLY CORNER OF SAID 1.052 ACRE TRACT OF LAND; THENCE CONTINUING ON THE SAME COURSE N. 52° 25'E. 16.35 FEET TO A NAIL AND TIN FOUND; THENCE N. 60°40'E. 79.81 FEET TO A 3/4 INCH PIPE IN THE NORTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.B. & M.; THENCE CONTINUING ON THE SAME COURSE N. 60°40'E. 77.45 FEET TO A HARROW TOOTH; THENCE N. 7°42' E. 40.98 FEET TO A HARROW TOOTH; THENCE S. 88° 10'E. 38.18 FEET TO A HARROW TOOTH; THENCE S. 75° 45' E. 45.40 FEET TO A HARROW TOOTH; THENCE S. 63°45' E. 91.85 FEET TO A 3/4 INCH PIPE IN THE NORTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8; THENCE CONTINUING ON THE SAME COURSE S. 63° 45'E. 87.15 FEET TO A HARROW TOOTH; THENCE S. 53° 19'E. 59.39 FEET TO A HARROW TOOTH; THENCE S. 45° 11' E. 42.85 FEET TO A HARROW TOOTH; THENCE S. 39°02'E. 115.00 FEET TO A HARROW TOOTH; THENCE S. 48° 04'E. 47.10 FEET TO A HARROW TOOTH; THENCE S. 63°22' E. 41.15 FEET TO A HARROW TOOTH; THENCE S. 71° 40'E. 124.09 FEET TO A HARROW TOOTH; THENCE S. 1° 10' E. 47,57 FEET TO A HARROW TOOTH; THENCE S. 45°03'E. 64.09 FEET TO A HARROW; THENCE S. 35°40'E. 55.48 FEET TO A HARROW TOOTH; THENCE S. 24° 32'E. 78.43 FEET TO A HARROW TOOTH; THENCE S. 31°07'E. 117.22 FEET TO A 3/4 INCH PIPE IN THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, FROM WHICH A 4"X 4" STAKE MARKED "BR-246" IN SAID EAST LINE BEARS N. 0° 16'E. 27.7 FEET; THENCE S. 31° 07' E. 33.04 FEET TO A HARROW TOOTH; THENCE S. 11° 55'E. 29.07 FEET; THENCE S. 32° 27' W. 21.50 FEET TO A HARROW TOOTH; THENCE S. 74° 2'W. 12.37 FEET TO A 3/4 INCH PIPE IN THE EAST LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 8, FROM WHICH A ONE INCH PIPE AT THE SOUTHEAST CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8 BEARS S. 0° 16'W. 15.32 FEET; THENCE S. 74°26'W. 11.17 FEET TO A HARROW TOOTH; THENCE N, 5°43'W. 25.69 FEET TO A HARROW TOOTH; THENCE N. 41° 48'W. 78.33 FEET TO A HARROW TOOTH; THENCE N. 55° 50' W. 35.25 FEET TO A HARROW TOOTH; THENCE N. 72° 14'W, 31.55 FEET TO A HARROW TOOTH; THENCE S. 77° 56'W. 46.45

FEET TO A HARROW TOOTH; THENCE S. 53° 55'W. 30.71 FEET TO A HARROW TOOTH; THENCE S. 25° 54'W. 32.72 FEET TO A 1/2 INCH IRON BAR; THENCE S. 5°54' W. 25.69 FEET TO A 112 INCH IRON BAR; AND THENCE S. 6° 00' E. 23.58 FEET TO A 314 INCH PIPE IN THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, SAID LAST MENTIONED 314 IRON PIPE BEING N. 88° 5' W. 230.21 FEET FROM THE ONE INCH PIPE AT THE SOUTHEAST CORNER OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 8, AND SAID LAST MENTIONED 1/4 INCH PIPE BEING THE TERMINUS OF THE CENTER LINE OF THE HEREIN DESCRIBED 20 FOOT RIGHT OF WAY.

BEGINNING AT A POINT TEN (10) FEET WEST OF A SPRING, WHICH SPRING IS ABOUT 400 FEET WEST OF THE EASTERLY BOUNDARY LINE OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 8 IN TOWNSHIP 9 SOUTH, RANGE 1 WEST, M.D.M. AND RUNNING THENCE SOUTH 15 FEET; THENCE EAST 315 FEET; THENCE NORTH 50 DEGREES EAST 87 FEET TO THE EASTERN LINE OF SAID QUARTER SECTION; THENCE NORTH ALONG SAID LINE 30 1/2 FEET; THENCE SOUTH 50 DEGREES WEST 87 FEET; THENCE WEST 315 FEET; THENCE SOUTH TO THE POINT OF BEGINNING.

APN: 544-35-002

INFORMATIONAL NOTES

1. Pursuant to Section 12413.1 of the insurance code funds deposited in escrow must be held for the following time periods before they can be disbursed:
 1. Cash or wired funds--available or immediate dispersal after deposit in bank or confirmation of receipt in account. Bear in mind that Cash will be accepted from customers only under special circumstances as individually approved by management.
 2. Cashier checks, certified checks, tellers checks--next day available funds.
 3. All other checks must be held in accordance with regulation CC adopted by the Federal Reserve Board of Governors before they must be disbursed.
 4. Drafts must be collected before they may be disbursed.

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

For Your Information, Our Wire Instructions Are:

Wire To:

Comerica Bank
Two Embarcadero Center, #300
San Francisco, CA 94111

Routing No.: 121137522

Credit the Account of:

North American Title Company
Bank Account No.: 1893560076
Escrow No. 56007-714647

Branch/County No.: 56007

Attn: Liz Floyd

- **ACH FUNDS** - Automatic Clearing House
North American Title Company will not accept funds in the form of ACH transfers.
2. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) Single Family Residence known as 20730 Brush Road, Los Gatos, California, 95033.
 3. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
 4. Short term rate applies.
 5. The map attached, if any, may or may not be a survey of the land depicted hereon. North American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

Exhibit A
List Of Printed Exceptions And Exclusions (By Policy Type)

1. 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, cost, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or locations 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 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. Right 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 the 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 of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which that 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.

EXCEPTIONS FROM COVERAGE - Schedule B Part 1

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceeding by a public agency which may result in taxes or assessment 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 expectations in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters expected under (a), (b), or (c) are shown by the public records.

2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM - 1970
SCHEDULE OF EXCLUSIONS FROM COVERAGE

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (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.

3. AMERICAN LAND TITLE ASSOCIATION OWNERS POLICY FORM B-1970
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 2 above are used and the following expectations to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

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, right, 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 possessions 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 public record.
5. Unpatented mining claims: reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title water.
6. Any lien, or right to a lien, for services labor or material heretofore or hereafter furnished, imposed by law and not shown by the public record.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY-1970
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss of damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for 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).
4. Unenforceable of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable " doing business" laws of the state which the land is situated.

5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970 WITH REGIONAL EXCEPTIONS

When the American Land title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

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 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 public record.
5. Unpatented mining claims; reservations or expectations in patents or in Acts authorizing the issuance thereof; water right, claims or title to water.
6. Any lien, or right to a lien, for services labor or material therefore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

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 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 of 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 the extent insurance is afforded herein as to assessments for street improvements under construction or completed as 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. Unenforceable 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 mortgage insured by this policy, by reason of the operation of the 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 impact notice to a purchaser for value or a judgment or lien creditor.

7. 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, right, interest, 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 possession thereof.
3. Easement, 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 public records.
5. Unpatented mining claims; reservations or exception 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.

8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or 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 judgment or lien creditor.

9. 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, attorney's 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 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 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.

10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY - 1987 EXCLUSIONS

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

1. Governmental policy 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

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

This exclusion does not limit the zoning coverage described 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 appear 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.

11. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/98)

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98) EXCLUSIONS

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

- (a) Building
- (b) Zoning
- (c) Land use
- (d) Improvements on the land
- (e) Land division
- (f) Environmental protection

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

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

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date

3. The right to take the Land by condemning it, unless:

- (a) A notice of exercising the right appears in the Public Records at the Policy Date; or
- (b) The taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.

4. Risks:

- (a) That are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
- (b) That are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
- (c) That result in no loss to You; or
- (d) That first occur after the Policy Date ? this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24, or 25.

5. Failure to pay value for Your Title.

6. Lack of a right:

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

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

GOOD FUNDS LAW

CALIFORNIA ASSEMBLY BILL 512 ("AB512") IS EFFECTIVE ON JANUARY 1, 1990. UNDER AB512, NORTH AMERICAN TITLE COMPANY, INC. ("NORTH AMERICAN TITLE COMPANY, INC.") MAY ONLY MAKE FUNDS AVAILABLE FOR MONETARY DISPERSAL IN ACCORDANCE WITH THE FOLLOWING RULES:

- * **SAME DAY AVAILABILITY** - DISBURSEMENT ON THE DATE OF DEPOSIT IS ALLOWED ONLY WHEN FUNDS ARE DEPOSITED TO NORTH AMERICAN TITLE COMPANY ("NORTH AMERICAN TITLE COMPANY, INC.") IN **CASH** OR BY ELECTRONIC TRANSFER (WIRE). BEAR IN MIND THAT CASH WILL BE ACCEPTED FROM CUSTOMERS ONLY UNDER SPECIAL CIRCUMSTANCES AS INDIVIDUALLY APPROVED BY MANAGEMENT.
- * **NEXT DAY AVAILABILITY** - IF FUNDS ARE DEPOSITED TO NORTH AMERICAN TITLE COMPANY, INC. BY CASHIER'S CHECKS, CERTIFIED CHECKS, OR TELLER'S CHECKS, DISBURSEMENT MAY BE ON THE NEXT BUSINESS DAY FOLLOWING DEPOSIT. A "TELLER'S CHECK" IS ONE DRAWN BY AN INSURED FINANCIAL INSTITUTION AGAINST ANOTHER INSURED FINANCIAL INSTITUTION (E.G., A SAVINGS AND LOAN FUNDING WITH A CHECK AGAINST A FDIC INSURED BANK).
- * **2-5 DAY AVAILABILITY (REGULATION CC)**. IF THE DEPOSIT IS MADE BY CHECKS OTHER THAN THOSE DESCRIBED IN PARAGRAPHS 1 AND 2 ABOVE, DISBURSEMENT MAY OCCUR ON THE DAY WHEN FUNDS MUST BE MADE AVAILABLE TO DEPOSITORS UNDER FEDERAL RESERVE REGULATION CC. THIS REQUIRES A "HOLD" ON SOME CHECKS OF 2-5 DAYS OR LONGER IN SOME INSTANCES. PERSONAL CHECKS, DRAFTS, PRIVATE CORPORATION AND COMPANY CHECKS, AND FUNDING CHECKS FROM MORTGAGE COMPANIES THAT ARE NOT TELLER'S CHECKS ARE AMONG THOSE CHECKS SUBJECT TO SUCH HOLDS. (FOR FURTHER DETAILS, CONSULT CHAPTER 598, STATUTES OF 1989.)

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

PRELIMINARY CHANGE OF OWNERSHIP REPORT

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

IRS FORM 1099

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

NOTICE OF A WITHHOLDING REQUIREMENT

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

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

NATCO NOTES:

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

I. Ongoing Construction

The Title Company will require, as a minimum, the following prior to insuring:

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

II. Bankruptcy

The Title Company will require, as a minimum, the following prior to insuring:

- A. The bankruptcy case be closed or,
- B. An order from the bankruptcy court verifying the transaction, with a demand placed into escrow by the trustee.
- C. Escrow may not close until 15 days have elapsed from the order and the file has been checked to verify that there are no objections to said order.

III. Abstracts of Judgment, Liens, Tax Liens

The Title Company will require, as a minimum, the following prior to insuring:

- A. Proof that the buyer/seller is not the same party as on the recorded liens.
- B. This is accomplished by the buyer/seller/borrower completely filling out and signing a statement of information.
- C. The items are to be paid off in escrow.
- D. The items are to be subordinated to the new transaction.

IV. Community Property

California is a community property state:

- A. A quitclaim from one spouse to another must specifically quitclaim any community property interest.
- B. An interlocutory decree of divorce specifically granting the property to one spouse is sufficient if a final decree is issued and recorded in the county.

DID YOU KNOW?

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

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

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

**Private Policy Notice
(as of July 1, 2001)**

We at the North American Title family of companies take your privacy very seriously. We do not share your private information with anyone except as necessary to complete your real property, title insurance and escrow transaction.

OUR PRIVACY POLICIES AND PRACTICES

- 1. Information we collect and sources from which we collect it:** We collect nonpublic personal information about you from the following sources:
 - Information we receive from you on applications or other forms.
 - Information about your transactions with us, our affiliates or others.
 - Information from non-affiliated third parties relating to your transaction."Nonpublic personal information" is nonpublic information about you that we obtain in connection with providing a product or service to you.

- 2. What information we disclose and to whom we disclose it:** We do not disclose any nonpublic personal information about you to either our affiliates or non-affiliates without your express consent, except as permitted or required by law. We may disclose the nonpublic personal information we collect, as described above, to persons or companies that perform services on our behalf regarding your transaction.¹ "Our affiliates" are companies with which we share common ownership and which offer real property, title insurance, or escrow services.

- 3. Our security procedures:** We restrict access to your nonpublic personal information and only allow disclosures to persons and companies as permitted or required by law to assist in providing products or services to you. We maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information.

- 4. Your right to access your personal information:** You have the right to review your personal information that we record about you. If you wish to review that information, please contact your local North American Title office and give us a reasonable time to make that information available to you. If you believe any information is incorrect, notify us, and if we agree, we will correct it. If we disagree, we will advise you in writing why we disagree.

- 5. Customer acknowledgment:** Your receipt of a copy of the preliminary report, commitment, your policy of insurance, or escrow documents accompanied by this Notice will constitute your acknowledgment of receipt of this Privacy Notice.

¹North American Title may also share your information with an insurance institution, credit reporting agency, insurance regulatory authority, law enforcement, other governmental authority, actuary, or other research organization for purposes of detecting or preventing fraud, crimes, or misrepresentations in connection with an insurance or real estate transaction, resolving claims or service disputes, investigating suspected illegal or unlawful activities, or for conducting actuarial or research studies.

