



Fidelity National Title Company

1300 Dove Street, Suite 310 • Newport Beach, CA 92660
(949) 622-4845 • FAX (949) 477-6813

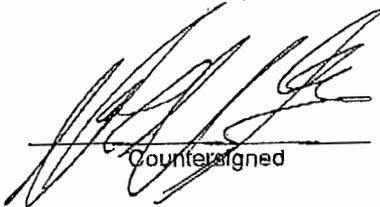
October 7, 2005

Industry Urban-Development Agency
Attn: Kevin Radecki
15625 East Stafford Street, Suite 200 P.O. Box 7089
City of Industry, CA 91744

Order No.: 9890814

We have enclosed 1 copies of the Preliminary Report for our Order Number **9890814**.
Please call us immediately if you have any questions or concerns.

Sincerely,



Countersigned

Fidelity National Title Company



Fidelity National Title Company

PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

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

The Policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

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.

[Handwritten signature]

Countersigned



Fidelity National Title Company

BY *[Handwritten signature]* President

ATTORNEY *[Handwritten signature]* Secretary



Fidelity National Title Company

Major Accounts Division
1300 Dove Street, Suite 310 • Newport Beach, CA 92660
(949) 622-4845 • FAX (949) 477-6813

PRELIMINARY REPORT

ESCROW OFFICER: Patty Beverly
TITLE OFFICER: David James

ORDER NO.: 9890814

LOAN NO.:

TO: Fidelity National Title
1300 Dove Street, Suite 300
Newport Beach, CA 92660

ATTN: Patty Beverly
YOUR REFERENCE.: 625146-PB

SHORT TERM RATE:

PROPERTY ADDRESS: 333 South Hacienda Boulevard, City Of Industry, California

EFFECTIVE DATE: September 30, 2005, 07:30 A.M.

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

California Land Title Association Standard Coverage Policy - 1990

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

A Fee

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

INDUSTRY MART CO., a limited partnership

3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF INDUSTRY, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

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

ISP 10/07/2005

Order No. 9890814

EXHIBIT "ONE"**PARCEL 1:**

LOT 1 OF TRACT NO. 25279, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 669 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, EXCEPT THAT PORTION OF SAME DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE DESCRIBED AS HAVING A BEARING OF NORTH 27°05'10" EAST AND A DISTANCE OF 344.93 FEET, SHOWN ON SAID MAP OF TRACT NO. 25279 AS THE WESTERLY LINE OF HACIENDA BOULEVARD, 100.00 FEET WIDE; THENCE SOUTH 27°05'10" WEST 125.00 FEET ALONG SAID WESTERLY LINE; THENCE NORTH 62°54'50" WEST AT RIGHT ANGLES TO SAID WESTERLY LINE, 137.24 FEET; THENCE NORTH 27°05'10" EAST PARALLEL WITH SAID WESTERLY LINE 210.54 FEET TO A POINT IN THE SOUTHERLY LINE OF VALLEY BOULEVARD, AS SAID SOUTHERLY LINE IS SHOWN ON SAID MAP OF TRACT NO. 25279; THENCE SOUTH 39°06'34" EAST ALONG SAID SOUTHERLY LINE, 125.00 FEET; THENCE SOUTH 6°00'42" EAST, 41.89 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 1, SAID NORTHERLY CORNER BEING A POINT ON THE SOUTHWESTERLY LINE OF VALLEY BOULEVARD (100 FEET WIDE), SAID NORTHERLY CORNER ALSO BEING A POINT ON A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 1550.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT OF BEGINNING BEARS NORTH 64°13'55" EAST; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 13°20'29", AN ARC DISTANCE OF 360.92 FEET; THENCE TANGENT TO SAID CURVE SOUTH 39°06'34" EAST, 50.00 FEET TO THE MOST NORTHERLY CORNER OF THAT LAND DESCRIBED IN DOCUMENT NO. 126, RECORDED DECEMBER 5, 1966 IN BOOK M2405, PAGE 671 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG THE NORTHWESTERLY LINE OF SAID LAND, SOUTH 27°05'10" WEST, 5.57 FEET TO A POINT ON A NON TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 1370.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°34'52" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°57'15", AN ARC DISTANCE OF 214.10 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 820.47 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 54°32'07" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°18'06", AN ARC DISTANCE OF 204.80 FEET TO THE NORTHERLY LINE OF SAID LOT 1; THENCE ALONG SAID NORTHERLY LINE, NORTH 72°12'30" EAST, 12.64 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF THE RANCHO LA PUENTE, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF LOT 1 OF TRACT NO. 25279 AS PER MAP RECORDED IN BOOK 669 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE NORTHWESTERLY LINE OF HACIENDA BOULEVARD, BEING THE SOUTHWESTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF SAID LOT 1, AS DESCRIBED IN DEED TO THE COUNTY OF LOS ANGELES, RECORDED ON MAY 9, 1963, AS DOCUMENT NO. 5243 IN BOOK D2023 PAGE 123 OF OFFICIAL RECORDS, IN SAID OFFICE OF THE COUNTY RECORDER, SOUTH 27°05'10" WEST 10 FEET; THENCE PARALLEL WITH THE SOUTHWESTERLY LINES OF

Order No. 9890814

LOTS 1 AND 2 OF SAID TRACT NO. 25279, NORTH 62°12'30" WEST 801.87 FEET;
THENCE PARALLEL WITH SAID NORTHWESTERLY LINE NORTH 27°05'10" EAST 130
FEET TO SAID SOUTHWESTERLY LINE OF LOT 2; THENCE ALONG SAID
SOUTHWESTERLY LINES, SOUTH 62°12'30" EAST 801.87 FEET TO THE POINT OF
BEGINNING.

Assessor's Parcel No: 8208-027-004

Order No. 9890814

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2005-2006.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **Water rights, claims or title to water**, whether or not disclosed by the public records.
4. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as condemned by Final Decree of Condemnation;

Superior Court of: Los Angeles
 County Case No.: 806241
 Purpose: public street
 Recorded: January 29, 1964, Instrument No. 5682, Book D2340,
 Page 808, of Official Records
 Affects: That portion of said land as described in the document
 attached hereto.

Affects: Parcel 1

5. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as set forth in a document;

Purpose: Parking
 Recorded: March 8, 1968, Instrument No. 478, Book D3934, of Official
 Records
 Affects: That portion of said land as described in the document attached
 thereto

Affects: Parcel 2

6. **Covenants, conditions and restrictions** (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document referred to in the numbered item last above shown.

7. **An unrecorded lease** with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled:
 Lessor: Industry Mart Company, a partnership
 Lessee: S.S. Kresse Company, a Michigan Corporation
 Recorded: April 11, 1968, Instrument No. 3858, Page M2829 and Re-
 Recorded June 19, 1975 as Instrument No. 844, Both of Official
 Records

The present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

ITEMS: (Continued)

Order No. 9890814

8. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as set forth in a document;
- Purpose: Public utilities
 Recorded: October 1, 1968, Instrument No. 3680, Book D4150, Page 258, of Official Records
 Affects: That portion of said land as described in the document attached hereto
9. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as set forth in a document;
- Purpose: Public utilities
 Recorded: October 29, 1968, Instrument No. 2302, Page D4178, of Official Records
 Affects: That portion of said land as described in the document attached hereto
10. **The fact** that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.
- Redevelopment Agency: Civic-Recreational-Industrial Redevelopment Project No. 1 of the Industry Urban-Development Agency
 Recorded: September 17, 1971, Instrument No. 3729 and November 18, 1971 as Instrument No. 3571 Both of Official Records
11. **Matters** contained in that certain document entitled "Notice of Buildings with the scope of Chapter 95 Earthquake Hazard Reduction for existing tilt-up buildings", recorded January 19, 2001, Instrument No. 01-0107680, of Official Records.
- Reference is hereby made to said document for full particulars.
12. **Matters** which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.
13. **Any rights of the parties in possession** of a portion of, or all of, said land, which rights are not disclosed by the public record.
- This Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.
14. **Any easements** not disclosed by those public records which impart constructive notice as to matters affecting title to real property and which are not visible and apparent from an inspection of the surface of said land.

ITEMS: (Continued)

Order No. 9890814

15. **The requirement** that there be filed in the office of the Secretary of State a certificate of limited partnership for Industry Mart Co., a Limited Partnership, in compliance with the provisions of the California Revised Limited Partnership Act, Section 15611 et. seq., Corporations Code and that a copy of said certificate certified by the Secretary of State be recorded in the office of the County Recorder of County.
16. **Any invalidity or defect** in the title of the vestees in the event that the trust referred to herein is invalid or fails to grant sufficient powers to the trustee(s) or in the event there is a lack of compliance with the terms and provisions of the trust instrument.
- If title is to be insured in the trustee(s) of a trust, (or if their act is to be insured), this Company will require a **Trust Certification pursuant to California Probate Code Section 18100.5**. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.
17. **This 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. After review of the requested Statement(s) of Information the Company may have additional requirements before the issuance of any policy of title insurance.

Parties: All parties

(Note: The statement of information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed statement of information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the statement of information is essential and will be kept strictly confidential to this file).

END OF ITEMS

Note 1. The Company is not aware of any matters which would cause it to decline to attach the CLTA Endorsement Form 116 indicating that there is located on said land commercial/industrial building known as 333 South Hacienda Boulevard, Industry, CA to an Extended Coverage Loan Policy.

Note 2. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN:	8208-027-004
Fiscal year	2004-2005
1st Installment:	\$42,306.79 PAID
2nd Installment:	\$42,306.78 PAID
Exemption:	\$0.00
Land:	\$1,007,618.00
Improvements:	\$2,583,482.00
Personal Property:	\$0.00
Code Area:	0004352

Note 3. There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.

ITEMS: (Continued)

Order No. 9890814

- Note 4.** If you are aware of any improvements whatsoever that have been recently completed, that are ongoing, or contemplated prior to closing, this office must be informed of these facts immediately so that your transaction is not delayed.
- Note 5.** Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed. In order to avoid any such delays, all fundings should be done through wire transfer, certified check or checks drawn on California financial institutions.
- Note 6.** The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.
- Note 7.** California Revenue and Taxation Code Section 18662, effective January 1, 1994 and by amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.

ITEMS: (Continued)

Order No. 9890814

FIDELITY NATIONAL TITLE
1300 DOVE STREET #310
NEWPORT BEACH, CA 92660

WIRING INSTRUCTIONS

Senate Bill 1550, which became effective January 1, 1985, requiring the title companies to disburse on collected funds has raised many questions. The following information is provided to assist our customers with the law:

The fastest method for receiving collected funds is by wire transfer of funds credited to your account. The following instructions should be used when funds are being wired to our bank:

EFFECTIVE NOVEMBER 16, 2001

Wire funds through the Federal Reserve Bank to:

Union Bank of California, Los Angeles, CA

ABA No.: 122000496

Credit to: Fidelity National Title, Corona Title Trust Account
Account No. 9100744500

Title Order No.: 9890814

Notice

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.

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 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 of 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.

Effective through November 1, 2014

Fidelity National Financial Group of Companies' Privacy Statement

July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors or Request Changes or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

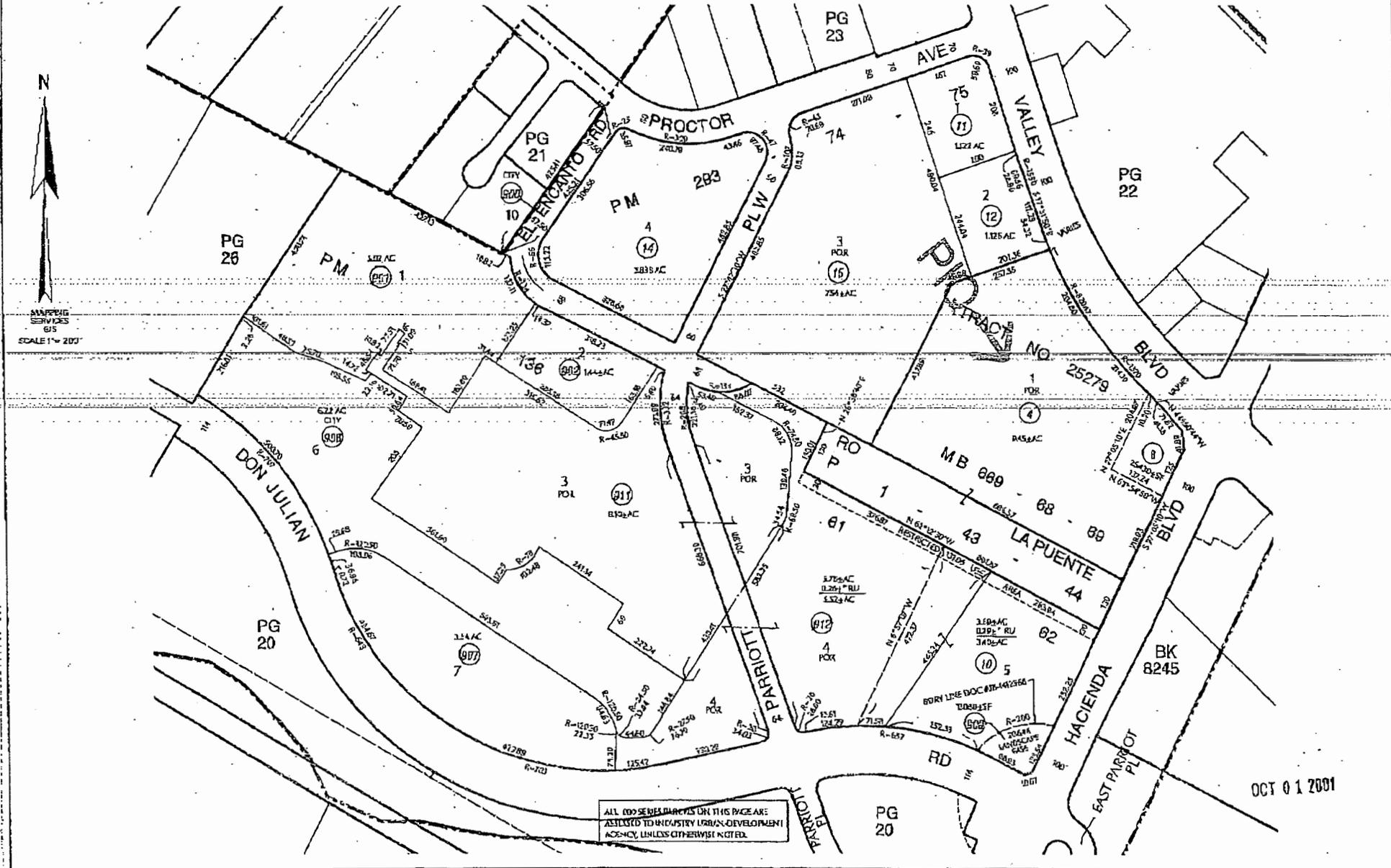
THIS MAP IS FURNISHED AS A MATTER OF ACCOMMODATION ONLY.
 AND NO LIABILITY IS ASSUMED BY ITS ATTACHMENT TO THE
 POLICY OF TITLE INSURANCE OF
 FIDELITY NATIONAL TITLE INSURANCE COMPANY *

013

FIDELITY MAJOR ACCOUNTS

10/07/05 16:29 FAX 949 477 3798

8208	27 SHEET	P.A. 8208-20	TRA 4352	REVISED B61108D400E802-27 B61108D400E803-27	0051607001001-27 01021204005007-27 01100104005001-27	2002	SEARCHED	MAP EXTENTS 4286026-4300727 4118541-4120638	OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 1988
------	-------------	--------------	-------------	---	--	------	----------	---	---



OCT 01 2001

EXHIBIT A

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
- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

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.

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 9 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.

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 (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; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
 5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
 6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by 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, 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 purchase 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.

EXHIBIT A
(CONTINUED)

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:

- (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.
- 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.
- Defects, liens, encumbrances, adverse claims, or other matters:
 - created, suffered, assumed or agreed to by the insured claimant;
 - 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;
 - resulting in no loss or damage to the insured claimant;
 - 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
 - resulting in loss or damage which would not have been sustained if the insured claimant had paid

value for the insured mortgage.

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

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:

- (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.
- 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.
- Defects, liens, encumbrances, adverse claims, or other matters:
 - created, suffered, assumed or agreed to by the insured claimant;
 - 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;
 - resulting in no loss or damage to the insured claimant;
 - attaching or created subsequent to Date of Policy, or
 - resulting in loss or damage which would not have been sustained if the insured claimant had paid

(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;

- resulting in no loss or damage to the insured claimant;
 - attaching or created subsequent to Date of Policy, or
 - 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.
- Any claim, which arises out of the transaction creating the interest of the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - 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:
 - to timely record the instrument of transfer; or
 - of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above ALTA policy forms, dated 10-17-92, may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

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

- 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.
- 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 ascertained by persons in possession thereof.
- Easements, liens, or encumbrances, or claims thereof, which are not shown by the public records.
- Discrepancies, conflicts in boundary lines, shortages in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
- (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.

**EXHIBIT A
(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 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 18.

LIMITATIONS ON COVERED RISKS

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

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

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

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

**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 a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does 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 became a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(d) 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 this 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.