



SAMPLE
PRELIMINARY REPORT



First American Title™



SAMPLE PRELIMINARY REPORT

A Preliminary Report contains three important elements:

1. Dated formal report;
2. The specific description of the title on a particular parcel of land;
3. The conditions under which First American is willing to insure the property by the later issuance of a policy of title insurance.

Preliminary reports are “furnished in connection with an application for title insurance and are offers to issue a title policy subject to stated exceptions ... and such other matters as may be incorporated by reference.” Ins. C §12340.11

The report is an offer to issue a title policy. A preliminary report is not a representation as to the condition of title to real property. It is solely a statement of the terms and conditions under which the insurer is willing to issue its title policy, if an offer is accepted.

The preliminary report consists of the following:

- Cover page
- Exclusions from coverage
- Preprinted exceptions
- Typewritten exceptions – property specific

Included in the Preliminary Report is information which identifies the form of policy which the title company is offering to issue. The Preliminary Report details the various exceptions and exclusions which will be reflected in the policy. The Preliminary Report also provides the legal description for the property that is the subject of the report as well as the record owner of the Subject Property.

The Preliminary Report explained on the pages that follow is used by all members of the California Land Title Association.

SAMPLE PRELIMINARY REPORT



Order Number: 3502XXX
Page Number: 1

First American Title

2 →

MICHELLE

3 →

ABC Escrow

123 First Avenue

ANYWHERE, CA 91316-3667

4 →

Customer Reference: 992285

5 →

Order Number: 3502XXX

6 →

Title Officer: John Title
Phone: (818)242-5800
Fax: (866)878-7969
E-mail: jtitle@firstam.com

Seller: SMITH

Property: 123 MAIN STREET
ANYWHERE, CA 00000

SAMPLE PRELIMINARY REPORT

7 →

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

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

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

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

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

First American Title

1 Title Order Number.
First American's identification number.

2 Name of individual who requested the Preliminary Report.
Escrow Officer, Lender/Broker, etc.

3 Name and address of the firm that requested the Preliminary Report.
Escrow, Lender/Broker, etc.

4 Customer's reference number.

5 Order number.

6 Title company contact information.
Title Officer and/or Escrow Officer's name, telephone extension, fax number and e-mail address.

7 *This paragraph states that the Preliminary Report is for title insurance purposes only, with no other liability unless specifically requested. It is a report only and not a title insurance policy.*

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Order Number: 3502XXX

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1 → Dated as of Aug 30, 2010 at 7:30 A.M.

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

ALTA Extended Loan Policy 1992
Eagle Owners Policy

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

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

Betty Smith, a married woman as her sole and separate property.

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

A fee.

5 → The Land referred to herein is described as follows:

(See attached Legal Description)

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

- 7 →
- 1 General and special taxes and assessments for the fiscal year 2010-2011, a lien not yet due or payable.
 2. Supplemental taxes for the fiscal year 2009-2010 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment:	\$138.39, DELINQUENT
Penalty:	\$13.84
Second Installment:	\$138.38, DUE
Penalty:	\$23.84
Tax Rate Area:	00013
A.P.No.:	2332-009-0XX

First American Title

1 This is the effective date of our investigation of the public record; the date and time up to which matters affecting the title have been examined.

2 This sentence sets forth the form of policy coverage that First American has been requested to issue, or cause to be issued.

3 **Vesting:**
This shows the owner(s) of record and how they hold title.

Type of Estate:

4 (The word "estate" is used to describe the degree, quantity, nature, duration, or extent of an interest in land). A "fee" is the highest type of estate or interest an owner can have - freely transferable and inheritable, and whose owner is entitled to possession.

5 Legal Description of the property in the Preliminary Report.

Exceptions:

6 Any transfer or encumbrance of this property will be subject to the matters following this paragraph unless the steps necessary to eliminate them are taken.

Taxes:

7 The first exception shown is a statement regarding the amount and status of the taxes affecting the property (e.g., taxes now a lien, now due, or respective installments paid or unpaid).

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1 → 4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

2 → 5. Covenants, conditions, restrictions and easements in the document recorded March 11, 1952 as Book 384XX Page 73 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Document(s) declaring modifications thereof recorded January 27, 1955 as Book 467XX Page 71 and Book 467XX Page 67, both of Official Records.

3 → 6. An easement for utilities and incidental purposes in the document recorded October 16, 1947 as Instrument No. 372 of Official Records.

4 → 7. A deed of trust to secure an original indebtedness of \$748,750.00 recorded November 19, 2002 as Instrument No. 02-27877XX of Official Records.

Dated: November 8, 2002
Trustor: Betty Smith, a married woman as her sole and separate property
Trustee: First American Title Company, a California Corporation
Beneficiary: First Capital, a California Corporation

According to the public records, the beneficial interest under the deed of trust was assigned to Chase Manhattan Mortgage Corporation by assignment recorded November 19, 2002 as Instrument No. 02-27877XX of Official Records.

5 → A Notice of default recorded August 27, 2007 as Instrument No. 07-19971XX of Official Records.

8. A deed of trust to secure an original indebtedness of \$350,000.00 recorded November 19, 2002 as Instrument No. 02-27877XX of Official Records.

Dated: November 12, 2002
Trustor: Betty Smith, a married woman as her sole and separate property
Trustee: First American Title Company
Beneficiary: Chase Manhattan Bank USA, N.A., a National Banking Association

The above deed of trust states that it secures a line of credit. Before the close of escrow, we require evidence satisfactory to us that (a) all checks, credit cards or other means of drawing upon the line of credit have been surrendered to escrow, (b) the borrower has not drawn upon the line of credit since the last transaction reflected in the lender's payoff demand, and (c) the borrower has in writing instructed the beneficiary to terminate the line of credit using such forms and following such procedures as may be required by the beneficiary.

First American Title

1

Proposition 13 Exception:

Addresses any Supplemental Tax bills that may be issued after the date of the Policy.

2

Covenants, Conditions and Restrictions:

Commonly referred to as "CC&Rs", the term usually refers to a written recorded deed or declaration which sets forth certain rules and regulations established by a subdivider or other landowner to create a uniformity of buildings and use within tracts of land or group of lots.

3

Recorded Easements:

An easement is a right or interest of someone else in the subject land which entitles the holder thereof to some use, privilege, or benefit (e.g. to install poles and wires, pipe lines, roads or travel over, etc.) upon or over said land.

4

Deed of Trust:

A (recorded) Deed of Trust conveys title to particular land to a neutral third party (TRUSTEE) with limited powers (such as powers of sale) for the purpose of securing a loan (debt) on real property.

5

Notice of Default:

The terms of the Deed of Trust were violated (e.g., failure to pay monthly installments) and, therefore, a

Notice of Default was recorded to evidence commencement of foreclosure proceedings.

Caution: *If you cannot stop the foreclosure or complete the transaction within 120 days of the date of this notice, the property could be lost to foreclosure.*

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9. Any defects, liens, encumbrances or other matters which name parties with the same or similar names as Betty Smith. The name search necessary to ascertain the existence of such matters has not been completed. In order to complete this preliminary report or commitment, we will require a statement of information.

INFORMATIONAL NOTES

1. General and special taxes and assessments for the fiscal year 2009-2010.
First Installment: \$4,609.81, PAID
Penalty: \$460.98
Second Installment: \$4,609.81, PAID
Penalty: \$470.98
Tax Rate Area: 00013
A.P.No.: 2332-009-0XX
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 123 Main Street, Anywhere, CA 00000.
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:

A document recorded November 19, 2009 as Instrument No.06-2787760 of Official Records.

From: Ivan Smith and Michelle Smith, husband and wife

To: Betty Smith, a married woman as her sole and separate property

Note: Wire Instructions for First American Title Company - Title Department.
All funds wired for this order only are to be wired to:

First American Trust FSB
Santa Ana Branch
421 North Main Street
Santa Ana, California 92701

1 Taxes:

This is a statement regarding the amount of paid taxes for the previous fiscal year or taxable period.

Lender's Information:

2. On transactions involving a new loan by an institutional lender such as a bank, savings and loan, or mortgage company, a separate ALTA Lender's Policy is required.

This information supplies the lender with assurances regarding the availability of a special lender's endorsement and also gives the address and a brief description of the improvements located on the subject property.

It also satisfies the lender's requirement that they be told of any sales involving the subject property within the last two years which will provide information on how recently the current owner may have acquired title.

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Account Name: **First American Title Company - Los Angeles**

ABA #**1222412XX**
ACCT #**141XX**

1 → Please reference Title Order No: **3502XXX** and the Title Officer

Funds for other loans being insured by First American Title Company must not be combined into one wire - or funds may be returned.

All wires must reference (1) First American Title Company and (2) our Account Number - or funds may be returned.

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

1 **Wire Information for the New Lender:**

Information for the new lender to send loan funds to First American and to reference the First American Account Number.

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LEGAL DESCRIPTION

1 → Real property in the City of Anywhere, County of Anywhere, State of California, described as follows:

Lot 20 of Tract No. 11111, as per Map recorded in Book 295 Pages 5 to 9 inclusive of Maps, in the Office of the County Recorder of said County.

Except therefrom all minerals, oil, gas and other hydrocarbon substances in and under said real property, or produced therefrom with right to extract same, but with no right of entry excepting below a depth of 50 feet, in Deed recorded October 16, 1947 as instrument No. 372.

APN: 233-109-XX

1 Legal Description:
The legal description of the property in the Preliminary Report.



A copy of the current Assessor's Plat Map is provided at the end of this Preliminary Report to give the principals in the transaction an overview of the general shape of the subject property. Also included in the Plat Map are certain dimensions that were either dedicated on the original map of the subdivision or created by legal descriptions contained in various deeds in the chain of title. Some deeds may have conveyed only specific portions of the original lot. This map is not a survey of the land and nor should it be relied upon for any purpose for which a survey would normally be required.

- 1** Assessor's book number.

.....
- 2** Page number of assessor's book.

.....
- 3** Assessor's parcel number assigned to the specific lot.

.....
- 4** Lot number.
(referenced by the Tract or Parcel Map if applicable)

.....
- 5** Tract number.

.....
- 6** Recording information of tract.

.....
- 7** Lot dimensions (in feet).

.....
- 8** Indicates lot dimensions equal to adjoining lots.

.....
- 9** Indicates two or more parcels of land are assessed as one parcel.

.....
- 10** North/South indicator.

.....

SAMPLE PRELIMINARY REPORT

If any of the following items appear on your Preliminary Report, they will require **IMMEDIATE** attention.

A delay in closing may result without **IMMEDIATE** attention.

- 1 → A CLAIM OF MECHANIC'S LIEN
AMOUNT: \$ 2,3330.00
BY: JOHN CONTRACTOR
RECORDED: JANUARY 5, 2001 AS INSTRUMENT NO. 01-3XX
- 2 → NOTICE OF ACTION FILED IN:
COURT: SUPERIOR.
CASE NO.: A111223.
PLAINTIFF: JOHN SMITH
VS.
DEFENDANT: JOHN JONES
PURPOSE: FORECLOSE/QUIET TITLE.
RECORDED: MARCH 5, 2006 AS INSTRUMENT NO. 06-22XX.
- 3 → SUBJECT TO PROCEEDINGS PENDING IN THE BANKRUPTCY COURT OF THE CENTRAL DISTRICT OF THE U.S. DISTRICT COURT, CALIFORNIA, ENTITLED: IN RE: **JOHN JONES**, DEBTOR, CASE NO. **AP12334**, WHEREIN A PETITION FOR RELIEF WAS FILED ON THE DATE OF **JANUARY 20, 2007**.
- 4 → THE EFFECT OF A DEED, DATED **JUNE 4, 1991**, EXECUTED BY **JUNE JONES** AS GRANTOR, TO **JOHN JONES** AS GRANTEE, RECORDED **JANUARY 19, 2007 AS INSTRUMENT NO. 07-12222**.

THE REQUIREMENT THAT THIS OFFICE BE FURNISHED WITH EVIDENCE THAT SAID DEED WAS AN ABSOLUTE CONVEYANCE, FOR VALUE, AND THAT THERE ARE NO OTHER AGREEMENTS, ORAL OR WRITTEN, REGARDING THE OWNERSHIP OF THE LAND DESCRIBED HEREIN.
- 5 → THE LACK OF A RIGHT OF ACCESS TO AND FROM THE LAND.

NOTICE: PARAGRAPH 4 OF THE INSURING PROVISIONS ON THE FACE PAGE OF THE POLICY WILL BE DELETED FROM THE POLICY TO BE ISSUED.
- 6 → STATEMENT OF INFORMATION.

- 1 Mechanic's Lien:**
A statutory lien in favor of persons contributing labor, material, supplies, etc. to a work of improvement upon real property. A release must be recorded to be removed.
-

- 2 Notice Of Action:**
A *lis pendens*. A proceeding in a court of justice by which one party prosecutes another for the enforcement or protection of a right in real property. A release and/or a withdrawal of the action is required to be recorded to remove.
-

- 3 Bankruptcy:**
A proceeding in the U.S. Bankruptcy Court wherein assets of a debtor (unable or unwilling to pay debts) are applied by an officer of the court in satisfaction of a creditor's claim.

An examination of the bankruptcy case is required. Requirements for removal will be specific to the transaction. Contact your Title/Escrow Officer immediately.

- 4 Uninsured Deed:**
A deed that has been recorded but is believed to not have been checked as to its validity. Additional information may be needed before passing title. Call your title officer to see what might be needed in each case.
-

- 5 Access:**
A landowner's right to have ingress to and egress from the property to a public street. This property does not have legal access.
-

- 6 Statement Of Information:**
Any defects, liens, encumbrances or other matters which name parties with the same or similar names as **John Smith**. The name search necessary to ascertain the existence of such matters has not been completed. In order to complete this preliminary report or commitment, we will require a statement of information.

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NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

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EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)
CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

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

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

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

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

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

ALTA 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:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) 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:

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- (a) a notice of exercising the right appears in the public records on the Policy Date
- (b) 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:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) 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:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

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

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

EXCEPTIONS FROM COVERAGE

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

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4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

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

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

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

EXCEPTIONS FROM COVERAGE

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

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

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

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

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1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;\
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doingbusiness laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



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