In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty 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 referred to as an Exception in Schedule B 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 the attached list. 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 "B" of this report carefully. Limitations on covered risks applicable to the CLTA/ALTA Homeowner's Policy of Title Insurance which establish a deductible amount and a maximum dollar limit of liability for certain coverages are set forth in Exhibit “B”. 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 October 22, 2015 at 7:30 a.m.

Title Officer
C. Moline / ck

CLTA Preliminary Report (Effective 1-1-84)
Schedule A

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

Preliminary Report Only

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

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

Sacramento Municipal Utility District, a municipal utility district

The land referred to in this Report is situated in the State of California, County of Sacramento, and is described as follows:

See Exhibit "A" attached hereto and made a part hereof.
Exhibit "A"
Legal Description

Parcel One:

Parcel A:

Beginning at a point in the center line of 59th Street, of the City of Sacramento, which point marks the point of intersection of the center line of said 59th Street with the northerly boundary line of the right of way of the Southern Pacific Company (formerly Sacramento Valley Railroad Company) from which the granite monument marking the corner common to Sections 9, 10, 15 and 16, Township 8 North, Range 5 East, M.D.B. & M. bears South 81°40½' East at the distance of 2568.51 feet; thence along the line of the right of way of said Southern Pacific Company, North 70°41' West 956.72 feet; thence along the line of the right of way of said Southern Pacific Company North 64°58' West 100.34 feet; thence North 19°25' East 413.72 feet; thence South 70°41' East 1051.81 feet to a point in the center line of said 59th street; thence South 18°44' West, along the center line of said 59th Street, 421.99 feet to the point of beginning.

Parcel B:

Beginning at a point on the center line of 59th Street in the City of Sacramento, from which a stone monument at the intersection of said center line with the center line of Folsom Boulevard bears North 18°55'45" East 350.71 feet (said street center lines and stone monument having been established by the City Engineer of the City of Sacramento); thence from said point of beginning South 18°55'45" West 122.01 feet along the center line of said 59th Street to the Northeast corner at that certain 10.2 acre tract of land described in the deed from Earl B. Davis and Byron B. Davis to Pacific Gas and Electric Company, dated July 31, 1926, recorded August 2, 1926, in the office of the Recorder of Sacramento County in Book 90 of Official Records at Page 51; thence North 70°31'10" West 1050.68 feet along the northerly line of said 10.2 acre tract to a point on the easterly line of Folsom Boulevard Tract, (the official plat of which is recorded in Book 23 of Maps, Map No. 39); thence North 19°34'45" West 122.00 feet along said easterly line of Folsom Boulevard Tract; thence South 70°31'10" East 1049.30 feet to the point of beginning.

Apn: 008-0010-009

Parcel Two:

A portion of Lots 1, 4, 5, 6, 7, 8 and 9 as said lots are shown on the map of "Elmhurst Court" filed on November 16, 1939 in Book 21 of Maps, Map No. 24, records of Sacramento County.

Said portion is all that part thereof lying within the following described boundaries:

Beginning at the northwest corner of said "Elmhurst Court"; thence along the northerly line of "Elmhurst Court" and said "Elmhurst Court Unit No. 2" S. 71° 02’ 39” E. 941.27 feet to the northeast corner of said Unit No. 2; thence along the easterly line of said Unit No. 2, S. 00° 42’ 39” E. 223.67 feet; thence leaving said easterly line N. 58° 43’ 36” W. 698.77 feet to a point distant 135.00 feet northeasterly, measured radially, from the "C2" line at Engineer's Station "C2"236+00 of the Department of Public Works' Survey on Road 03-Sac-50, Post Mile 0.4/2.9; thence N. 62° 12’ 18” W. 334.19 feet to a point in the westerly line of said "Elmhurst Court"; thence along said westerly line N. 00° 38’ 39” W. 10.83 feet to the point of beginning.

Apn: 011-0073-001
Parcel Three:

A portion of Lots 1, 4, 5, 6, 7, 8 and 9 as said lots are shown on the map of "Elmhurst Court" filed on November 16, 1939 in Book 21 of Maps, Map No. 24, and a portion of Lots 19, 20, 21, 22, 23, 24, 25, 26, 27 and Elmhurst Court as said lots and court are shown on the "Plat of Elmhurst Court Unit No. 2" recorded December 28, 1946, in Book 25 of Maps, Map No. 9, both records of Sacramento County.

Said portion is all that part thereof lying within the following described boundaries:

Beginning at the northwest corner of said "Elmhurst Court"; thence along the northerly line of "Elmhurst Court" and said "Elmhurst Court Unit No. 2" South 71° 02' 39" East 941.27 feet to the northeast corner of said Unit No. 2; thence along the easterly line of said Unit No. 2, South 00° 42' 39" East 223.67 feet; thence leaving said easterly line North 58° 43' 36" West 698.77 feet to a point distant 135.00 feet northeasterly, measured radially, from the "C2" line at Engineer's Station "C2"236+00 of the Department of Public Works' Survey on Road 03-Sac-50, Post Mile 0.4/2.9; thence North 62° 12' 18" West 334.19 feet to a point in the westerly line of said "Elmhurst Court"; thence along said westerly line North 00° 38' 39" West 10.83 feet to the point of beginning.

Excepting therefrom that portion thereof lying within said portion of Lots 1, 4, 5, 6, 7, 8 and 9 as said lots are shown on the map of "Elmhurst Court" filed on November 16, 1939 in Book 21 of Maps, Map No. 24, records of Sacramento County.

Apn: 011-0073-002, 003, 004 and 006

Parcel Four:

Lots 1, 3 and 4 of Monte Vista Tract, as the same are shown on the map or plat thereof recorded May 3, 1888 in the office of the County Recorder of Sacramento County in Book 2 of Maps, Map No. 12.

Excepting therefrom that portion thereof lying within that certain Parcel 1 of deed from Sacramento Municipal Utility District, a municipal utility district, to the State of California, recorded May 7, 1971 in book 710507 at page 56, records of Sacramento County.

Apn: 011-0073-007 and 008

Parcel Five:

Lots 5, 7 and 9 of Monte Vista Tract, as the same are shown on the map or plat thereof recorded May 3, 1888 in the office of the County Recorder of Sacramento County in Book 2 of Maps, Map No. 12.

Apn: 011-0081-001, 002 and 003
Parcel Six:

Lots 6, 8 and 10 of Monte Vista Tract, as the same are shown on the map or plat thereof recorded May 3, 1888 in the office of the County Recorder of Sacramento County in Book 2 of Maps, Map No. 12.

Excepting therefrom that portion thereof lying within that certain Parcel 1 of deed from Sacramento Municipal Utility District, a municipal utility district, to the State of California, recorded May 7, 1971 in Book 710507 at page 56, records of Sacramento County.

Apn: 011-0081-008
Schedule B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this report would be as follows:

A. General and Special Taxes for the Fiscal Year 2015-2016, have not been assessed to the herein described properties, at this time.


C. Any and all liens and assessments that may be levied as disclosed by the recordation of the Proposed Boundary Map, City of Sacramento, SB 555 Contractual Assessment District, filed September 19, 2012, in Book 114 of Maps of Assessment and Community Facilities District at Page 10, and recorded September 19, 2012, by Assessment Map Filing Page in Book 20120919, Page 89, Official Records.

D. Any and all liens and assessments that may be levied as disclosed by the recordation of the Proposed Boundary Map, City of Sacramento, Community Facilities District No. 2012-01 (Clean Energy), filed October 3, 2012, in Book 114 of Maps of Assessment and Community Facilities District at Page 13, and recorded October 3, 2012, by Assessment Map Filing Page in Book 20121003, Page 418, Official Records.

E. The Lien of Special Assessments, assessed pursuant to the procedures of the Mello-Roos Community Facilities Act of 1982 and/or the Landscaping & Lighting Act of 1972, amounts are included and collected with the Taxes shown herein.

F. The Lien of Supplemental Taxes, if any, assessed pursuant to the provisions of Chapter 3.5, Revenue and Taxation Code, Section 75 et seq.

G. Any possible outstanding charges for utility services. Amounts may be obtained by contacting the City and/or County of Sacramento's Utility Services and Billing Department.

1. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.


5. Any and all offers of dedications, conditions, restrictions, easements, notes and/or provisions shown or disclosed by the filed or recorded map referred to in the legal description, including but not limited to:

Easement for utility and incidental purposes affecting

6. Covenants, conditions and restrictions but omitting restrictions, if any, based upon race, sex, color, religion, handicap, familial status or national origin, as contained in instrument recorded November 30, 1939, in Book 791, Page 161, Official Records, containing a Mortgagee Protection Clause.

Affects Book 21 of Maps, Map No. 24

“Terms, provisions, covenants, conditions, and restrictions, easements, charges, assessments and liens provided in the Covenants, Conditions and Restrictions above, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.”

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

7. Covenants, conditions and restrictions but omitting restrictions, if any, based upon race, sex, color, religion, handicap, familial status or national origin, as contained in instrument recorded June 28, 1947 in Book 1372, Page 416, Official Records, containing a Mortgagee Protection Clause.

Affects Book 25 of Maps, Map No. 9


“Terms, provisions, covenants, conditions, and restrictions, easements, charges, assessments and liens provided in the Covenants, Conditions and Restrictions above, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.”

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.
8. An easement for the right to construct and maintain a fence and incidental purposes, recorded August 26, 1949 in Book 1690, Page 207 of Official Records.

In Favor of: State of California
Affects: As described therein
Terms and provisions contained in the above document.

9. The effect of a map purporting to show the land and other property, filed May 2, 1950 in Book 8, Page 15 of Record of Surveys.


14. Abutter's rights of ingress and egress to or from freeway have been relinquished in the document recorded May 7, 1971 in Book 710507, Page 56 of Official Records.

15. A waiver of any claims for damages by reason of the location, construction, landscaping or maintenance of a contiguous freeway, highway or roadway, as contained in the document recorded May 7, 1971 in Book 710507, Page 56 of Official Records.

16. Abutter's rights of ingress and egress to or from freeway have been relinquished in the document recorded June 11, 1971 in Book 710611, Page 369 of Official Records.


In Favor of: Sacramento Municipal Utility District, a municipal utility district
Affects: As described therein
Terms and provisions contained in the above document.


In Favor of: Sacramento Municipal Utility District
Affects: As described therein
Terms and provisions contained in the above document.

In Favor of: Southern Pacific Transportation Company, a Delaware corporation
Affects: As described therein

Terms and provisions contained in the above document.

20. Any and all Agreements; Conditions, Covenants and Restrictions; and Easements or Servitudes, which appear in the public records and may be disclosed by an additional search of the public record.
(As to Parcel One)


22. With respect to Sacramento Municipal Utility District, a municipal utility district, we will require a certified copy of a resolution of the Board of Directors determining that the land is not necessary or useful in the performance of its duties to the public, authorizing the transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
Note: If this property lies within the city limits of Sacramento, it is subject upon sale to a tax of .00275 of the value of consideration. The failure to pay will result in the tax being added to the future property tax bills.

**Chain of Title:**

According to those public records under the recording laws impart constructive notice to the title to the land described herein, the following matters constitute the chain of title for the thirty-six month period preceding the date hereof:

None

**Buyer’s Note:**

If an Alta Residential Owner’s Policy is requested and if the property described herein is determined to be eligible for this policy, the following exceptions from coverage will appear in the policy:

1. Taxes or assessments which are not shown as liens by the public records or by the records of any taxing authority.
2. (a) Water rights, claims or title to water; (b) reservation or exceptions in patents or in Acts authorizing the issuance thereof; (c) unpatented mining claims; whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
3. Any rights, interest or claims of parties in possession of the land which are not shown by the public records.
4. Any easements or liens not shown by the public records. This exception does not limit the lien coverage in Item 8 of the Covered Title Risks.
5. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This exception does not limit the forced removal coverage in Item 12 of the Covered Title Risks.

**Lender’s Note:**

If a 1970 Alta Lender’s Policy form has been requested, the policy, when and if approved for issuance, will either be endorsed to add the following language or an encumbrance will be added to Schedule B, Part I as follows:

Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
(a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
(b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
(c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:

(i) to timely record the instrument of transfer; or
(ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

Approval for the issuance of the 1970 Alta Lender’s Policy form must be requested and approved prior to close of escrow. All other forms of policies that are authorized to be issued are the 1992 and 2006 Policies only.

**Note:** California "Good Funds" Law

Effective January 1, 1990, California Insurance Code Section 12413.1 (Chapter 598, statutes of 1989), prohibits a title insurance company, controlled escrow company or underwritten title company from disbursing funds from an escrow or sub-escrow account, **(except for funds deposited by wire transfer electronic payment or cash)** until the day these funds are made available to the deposit or pursuant to Part 229 Of Title 12 of the code of Federal Regulations, (Reg. CC). Items such as cashier’s, certified or teller’s checks may be available for disbursement on the business day following the business day of deposit; however, other forms of deposits may cause extended delays in closing the escrow or sub-escrow.

"Stewart Title Of Sacramento will not be responsible for accruals of interest or other charges resulting from compliance with the disbursement restrictions imposed by State Law"
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 or 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 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 of 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.

EXCEPTIONS FROM COVERAGE
SCHEDULE B, PART I

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.

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

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning: a. building; b. zoning; c. land use; d. improvements on the Land; e. land division; and f. environmental protection This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

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

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

4. Risks: a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records; b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date; c. that result in no loss to You; or d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28,

5. Failure to pay value for Your Title.

6. Lack of a right: a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and b. in streets, alleys, or waterways that touch the Land This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

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

LIMITATIONS ON COVERED RISKS

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

* For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

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

<table>
<thead>
<tr>
<th>Covered Risk</th>
<th>Your Deductible Amount</th>
<th>Our Maximum Dollar Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>1% of Policy Amount or $2,500.00 (whichever is less)</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>18</td>
<td>1% of Policy Amount or $5,000.00 (whichever is less)</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>19</td>
<td>1% of Policy Amount or $5,000.00 (whichever is less)</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>21</td>
<td>1% of Policy Amount or $2,500.00 (whichever is less)</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>
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 knowing of the taking

3. Title Risks:
   * that are created, allowed, or agreed to by you
   * that are known to you, but not to us, on the Policy Date — unless they appeared in the public records
   * that result in no loss to you
   * that first affect your title after the Policy Date — this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title

5. Lack of a right:
   * to any land outside the area specifically described and referred to in Item 3 of Schedule A
   OR
   * in streets, alleys, or waterways that touch your land
   This exclusion does not limit the access coverage in Item 5 of Covered Title Risk.

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercisethereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.

5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

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

The above policy forms 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:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.

**2006 ALTA LOAN POLICY (06/17106)**

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

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

**EXCEPTIONS FROM COVERAGE**

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.
AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10/11/92)
EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or 0 fraudulent transfer; or
   (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms 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:

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 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 ascertained by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.
The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

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

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

EXCEPTIONS FROM COVERAGE

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

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