



**First American Title Insurance Company  
National Commercial Services**

**5 First American Way  
Santa Ana, CA 92707**

July 10, 2008

Rick Hill  
Urban Infill Properties, Inc.  
4255 Martingale Way, Suite C  
Newport Beach, CA 92660-1927  
Phone: (949)250-0401  
Fax: (949)251-1115

Title Officer:	Bob Loera
Phone:	(714)250-8352
Fax No.:	(714)242-1452
E-Mail:	rloera@firstam.com

Buyer:

Property: 7441 and 7361 Edinger Avenue, Huntington Beach, CA

Attached please find the following item(s):

Commitment

Thank You for your confidence and support. We at First American Title Insurance Company maintain the fundamental principle:

*Customer First!*

**First American Title Insurance Company**  
**INFORMATION**

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the policy.

The Company will give you a sample of the Policy form, if you ask.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

This information is not part of the title insurance commitment.

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**YOU SHOULD READ THE COMMITMENT VERY CAREFULLY.**  
**If you have any questions about the Commitment,**  
**please contact the issuing office.**

COMMITMENT FOR TITLE INSURANCE

Issued by

*First American Title Insurance Company*

Agreement to Issue Policy

We agree to issue a policy to you according to the terms of this Commitment.

When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment Date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within six months after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligation under this Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-1.

The Exceptions in Schedule B-2.

The Conditions.

This Commitment is not valid without Schedule A and Sections 1 and 2 of Schedule B.

**SCHEDULE A**

1. Commitment Date: June 23, 2008 at 7:30 A.M.
  
2. Policy or Policies to be issued: Amount
  - (A) ALTA Standard Owner Policy - 2006 \$To Be Determined  
Proposed Insured:  
  
To Be Determined
  
  - (B) To Be Determined \$To Be Determined  
Proposed Insured:  
  
To Be Determined
  
3. (A) The estate or interest in the land described in this Commitment is:  
  
Fee Simple  
  
(B) Title to said estate or interest at the date hereof is vested in:  
  
Freeway Industrial Park, a California corporation
  
4. The land referred to in this Commitment is situated in the City of Huntington Beach, County of Orange, State of California, and is described as follows:

PARCEL 1:

PARCEL NO. 2, AS SHOWN ON A MAP FILED IN BOOK 13, PAGE 6 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM 50% OF A 100% OF ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, UNDER OR THAT MAY BE PRODUCED OR RECOVERED FROM THAT PORTION OF SAID LAND BELOW A DEPTH OF 500 FEET FROM ITS SURFACE WITH AND INCLUDING IN SUCH EXCEPTION AND RESERVATION, FOR THE BENEFIT OF THOSE ENTITLED THERETO, THE RIGHT AT ANY AND ALL TIMES TO ENTER UPON AND INTO ANY AND ALL PARTS OF THE PORTION OF SAID LAND BELOW SUCH DEPTH OF 500 FEET FROM ITS SURFACE FOR THE PURPOSE OF EXPLORING AND DRILLING FOR, MINING, DEVELOPING, REMOVING AND EXTRACTING ANY AND ALL SUCH SUBSTANCES BY SLANT OR DIRECTIONAL DRILLING OR OTHER OPERATIONS FROM OTHER LAND, ENTERING INTO AND PENETRATING THE LAND THE SUBJECT HEREOF ONLY BELOW SUCH DEPTH OF 500 FEET FROM ITS SURFACE, BUT WITH (AND THERE SHALL BE) NO RIGHT UNDER SUCH EXCEPTION AND RESERVATION OF ENTRY UPON OR USE OF THE SURFACE OR SUBSURFACE TO A DEPTH OF 500 FEET BELOW THE SURFACE, AS RESERVED BY DOROTHY THAYER PECK, CHARLES H. THATCHER AND TITLE INSURANCE AND TRUST COMPANY, A CALIFORNIA CORPORATION, ALL AS TRUSTEES OF THE TRUST UNDER WRITTEN DECLARATION THEREOF BY CARRIE A. PECK, DATED DECEMBER 18, 1936, AS TO AN UNDIVIDED 25% OF SAID 100% INTEREST AND BY DOROTHY T. PECK, A WIDOW, IN HERE INDIVIDUAL CAPACITY, AS TO AN UNDIVIDED 25% OF SAID 100% INTEREST.

PARCEL 2:

PARCEL A, AS SHOWN ON EXHIBITS "B-1" AND "B-2" ATTACHED TO LOT LINE ADJUSTMENT NO. 02-05 RECORDED OCTOBER 31, 2002 AS INSTRUMENT NO. 20020954206 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM THE RAILROAD TRACKAGE, TRACK APPURTENANCES AND SIGNAL EQUIPMENT, THERETO, NOW LOCATED UPON, ALONG AND ACROSS THE PROPERTY, AS EXCEPTED IN DEED FROM UNION PACIFIC RAILROAD COMPANY, A DELAWARE CORPORATION, RECORDED OCTOBER 31, 2002 AS INSTRUMENT NO. 20080954205 OF SAID OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED UNDERLYING THE PROPERTY, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS SUITABLE TO GRANTOR, ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE PROPERTY, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF THE PROPERTY, OR TO INTERFERE WITH THE USE THEREOF BY GRANTEE, ITS SUCCESSORS OR ASSIGNS, AS RESERVED BY UNION PACIFIC RAILROAD COMPANY, A DELAWARE CORPORATION, IN DEED RECORDED OCTOBER 31, 2002 AS INSTRUMENT NO. 20020954205 OF OFFICIAL RECORDS.

PARCEL 3:

PARCEL 1 AS SHOWN ON A MAP FILED IN BOOK 13, PAGE 6 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM 50% OF A 100% OF ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, UNDER OR THAT MAY BE PRODUCED OR RECOVERED FROM THAT PORTION OF SAID LAND BELOW A DEPTH OF 500 FEET FROM ITS SURFACE WITH AND INCLUDING IN SUCH EXCEPTION AND RESERVATION, FOR THE BENEFIT OF THOSE ENTITLED THERETO, THE RIGHT AT ANY AND ALL TIMES TO ENTER UPON AND INTO ANY AND ALL PARTS OF THE PORTION OF SAID LAND BELOW SUCH DEPTH OF 500 FEET FROM ITS SURFACE FOR THE PURPOSE OF EXPLORING AND DRILLING FOR, MINING, DEVELOPING, REMOVING AND EXTRACTING ANY AND ALL SUCH SUBSTANCES BY SLANT OR DIRECTIONAL DRILLING OR OTHER OPERATIONS FROM OTHER LAND, ENTERING INTO AND PENETRATING THE LAND THE SUBJECT HEREOF ONLY BELOW SUCH DEPTH OF 500 FEET FROM ITS SURFACE, BUT WITH (AND THERE SHALL BE) NO RIGHT UNDER SUCH EXCEPTION AND RESERVATION OF ENTRY UPON OR USE OF THE SURFACE OR SUBSURFACE TO A DEPTH OF 500 FEET BELOW THE SURFACE, AS RESERVED BY DOROTHY THAYER PECK, CHARLES H. THATCHER AND TITLE INSURANCE AND TRUST COMPANY, A CALIFORNIA CORPORATION, ALL AS TRUSTEES OF THE TRUST UNDER WRITTEN DECLARATION THEREOF BY CARRIE A. PECK, DATED DECEMBER 18, 1936, AS TO AN UNDIVIDED 25% OF SAID 100% INTEREST AND BY DOROTHY T. PECK, A WIDOW, IN HER INDIVIDUAL CAPACITY, AS TO AN UNDIVIDED 25% OF SAID 100% INTEREST.

APN: 142-074-02 and 142-074-03 and 142-074-04 and 142-074-05

## **SCHEDULE B**

### **SECTION ONE REQUIREMENTS**

The following requirements must be met:

1. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
5. Releases(s) or Reconveyance(s) of Item(s): 9 and 10
6. You must give us the following information:
  - A. Any off record leases, surveys, etc.
  - B. Statement(s) of Identity, all parties.
7. Should any of the following entities be involved in this transaction, the Company will require:
  - A. WITH RESPECT TO A CORPORATION:
    1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
    2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
    3. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
  - B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:
    1. That a certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) be recorded in the public records;
    2. A full copy of the partnership agreement and any amendments;
    3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
    4. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:

1. That a certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) be recorded in the public records;
2. A full copy of the partnership agreement and any amendment;
3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
4. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

D. WITH RESPECT TO A GENERAL PARTNERSHIP:

1. That a certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-I), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), be recorded in the public records;
2. A full copy of the partnership agreement and any amendments;
3. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:

1. A copy of its operating agreement and any amendments thereto;
2. If it is a California limited liability company, that a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) be recorded in the public records;
3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) be recorded in the public records;
4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, that such document or instrument be executed in accordance with one of the following, as appropriate:
  - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
  - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
5. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

F. WITH RESPECT TO A TRUST:

1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.

G. WITH RESPECT TO INDIVIDUALS:

1. A statement of information.



## **SCHEDULE B**

### **SECTION TWO**

#### **EXCEPTIONS**

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction. The printed exceptions and exclusions from the coverage of the policy or policies are set forth in Exhibit A attached. Copies of the policy forms should be read. They are available from the office which issued this Commitment.

1. General and special taxes and assessments for the fiscal year 2008-2009, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

#### **The Following Matters Affect Parcel 1:**

3. An easement for utilities and incidental purposes, recorded July 9, 1968 as Instrument No. 5670 in Book 8653, Page 306 of Official Records.  
In Favor of: Southern California Edison Company  
Affects: As described therein
4. An easement for utilities and incidental purposes, recorded July 25, 1969 as Instrument No. 16601 in Book 9031, Page 158 of Official Records.  
In Favor of: General Telephone Company of California  
Affects: As described therein
5. An unrecorded lease dated July 1, 1972, executed by Freeway Industrial Park, a California corporation as lessor and Levitz Furniture Corporation, a Pennsylvania corporation as lessee, as disclosed by a Memorandum of Ground Lease recorded November 3, 1972 as Instrument No. 3295 in Book 10409, Page 49 of Official Records.  
  
Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.
6. The terms and provisions contained in the document entitled "Conveyance" recorded November 3, 1972 as Instrument No. 3297 in Book 10409, Page 60 of Official Records.
7. An unrecorded lease dated July 1, 1972, executed by Huntlev Properties, Inc., a Delaware corporation as lessor and Levitz Furniture Corporation, a Pennsylvania corporation as lessee, as disclosed by a Memorandum of Lease and Sublease recorded November 3, 1972 as Instrument No. 3298 in Book 10409, Page 70 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

8. The terms and provisions contained in the document entitled "Conveyance" recorded November 3, 1972 as Instrument No. 4116 in Book 10410, Page 309 of Official Records.
9. A claim of lien recorded November 19, 2007 as Instrument no. 2007000690080 of Official Records.  
Lien claimant: K.D.G. Construction, Inc.  
Amount: \$2,519.58
10. A claim of lien recorded April 2, 2008 as Instrument No. 2008000152226 of Official Records.  
Lien claimant: Crossroads Services  
Amount: \$10, 000.00
11. Rights of parties in possession.

**The Following Matters Affect Parcel 2:**

12. The use and control of cienegas and natural streams of water, if any, naturally upon, flowing across, into or by said described tract, and the right of way for and to construct irrigation or drainage ditches through said tract to irrigate or drain in the adjacent land, as reserved in the deed recorded April 4, 1883 in Book 103, Page 343 of Deeds, records of Los Angeles County, California.
13. An easement for roads, railroads and ditches and incidental purposes, recorded May 23, 1904 in Book 103, Page 343 of Deeds.  
In Favor of: San Bernardino & Redlands Railroad Company, a California  
incorporated  
Affects: As described therein
14. An unrecorded lease dated March 11, 1969, executed by Southern Pacific Transportation Company, a Delaware corporation as lessor and Levitz Furniture Corporation, a Pennsylvania corporation as lessee, as disclosed by a Memorandum of Industrial Lease recorded November 3, 1972 in Book 10409, Page 42 of Official Records.  
  
Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.
15. An easement for street, highway and incidental purposes, recorded March 22, 1974 in Book 11100, Page 1989 of Official Records.  
In Favor of: The City of Huntington Beach  
Affects: As described therein
16. The fact that the land lies within the boundaries of The Huntington Center Commercial District Redevelopment Project Area, as disclosed by the document recorded November 27, 1984 as Instrument No. 84-494382 of Official Records.

17. The terms and provisions contained in the document entitled "Notice of Intent to Preserve Mineral Interest" recorded November 13, 1986 as Instrument No. 86-557130 of Official Records.
18. An easement for the continued maintenance, operation, repair, renewal, construction, and if necessary, removal of railroad trackage and incidental purposes, recorded October 31, 2002 as Instrument No. 20020954205 of Official Records.  
In Favor of: Union Pacific Railroad Company, a Delaware corporation  
Affects: As described therein

**The Following Matters Affect Parcel 3:**

19. An easement for public utilities and incidental purposes, recorded June 8, 1966 in Book 7954, Page 318 of Official Records.  
In Favor of: The City of Huntington Beach, a Municipal Corporation  
Affects: As described therein
20. The terms and provisions contained in the document entitled "Covenant and Agreement with the City of Huntington Beach" recorded in Book 8456, Page 84 of Official Records.
21. An easement for underground lines and incidental purposes, recorded July 9, 1968 in Book 8653, Page 306 of Official Records.  
In Favor of: Southern California Edison Company, a Corporation  
Affects: As described therein
22. An unrecorded lease dated May 28, 1968, executed by Freeway Industrial Park, a California Corporation as lessor and Union Oil Company of California, a Corporation as lessee, as disclosed by a said document recorded September 6, 1968 in Book 8714, Page 379 of Official Records.
- Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.
23. An easement for either or both underground lines, conduits and incidental purposes, recorded April 3, 1969 in Book 8918, Page 327 of Official Records.  
In Favor of: Southern California Edison Company, a Corporation  
Affects: As described therein
24. An easement for street and public utility purposes and incidental purposes, recorded September 19, 1996 as Instrument No. 19960478633 of Official Records.  
In Favor of: City of Huntington Beach, a municipal corporation  
Affects: As described therein
25. The terms and provisions contained in the document entitled "Irrevocable Offer of Reciprocal Access" recorded September 24, 1996 as Instrument No. 19960485504 of Official Records.
26. An unrecorded lease dated February 24, 1995, executed by Freeway Industrial Park, a California corporation as lessor and EZ Lube, Inc., a California corporation as lessee, as disclosed by a Memorandum of Lease recorded March 2, 2001 as Instrument No. 20010118093 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

The terms and provisions contained in the document entitled "Landlord's Consent" recorded March 2, 2001 as Instrument No. 20010118094 of Official Records.

The terms and provisions contained in the document entitled "Agreement of Landlord's Consent" recorded June 23, 2005 as Instrument No. 2005000484249 of Official Records.

Document(s) declaring modifications thereof recorded June 12, 2006 as Instrument No. 2006000390116 of Official Records.

27. Rights of parties in possession.

### INFORMATIONAL NOTES

1. Taxes for proration purposes only for the fiscal year 2007-2008.  
First Installment: \$597.04, PAID  
Second Installment: \$597.04, PAID  
Tax Rate Area: 04-025  
APN: 142-074-02  
  
(Affects portion of Parcel 2)
2. Taxes for proration purposes only for the fiscal year 2007-2008.  
First Installment: \$6,376.70, PAID  
Second Installment: \$6,376.70, PAID  
Tax Rate Area: 04-025  
APN: 142-074-03  
  
(Affects portion of Parcel 2)
3. Taxes for proration purposes only for the fiscal year 2007-2008.  
First Installment: \$32,147.12, PAID  
Second Installment: \$32,147.12, PAID  
Tax Rate Area: 04-007  
APN: 142-074-04  
  
(Affects Parcel 1)
4. Taxes for proration purposes only for the fiscal year 2007-2008.  
First Installment: \$2,307.66, PAID  
Second Installment: \$2,307.66, PAID  
Tax Rate Area: 04-007  
APN: 142-074-05  
  
(Affects Parcel 3)
5. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 7441 and 7361 Edinger Avenue, Huntington Beach, California.  
  
(Affects Parcels 1 and 3)
6. The property covered by this report is vacant land.

(Affects Parcel 2)

7. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:  
  
None
8. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.
9. It appears that a work of improvement is in progress or recently completed on the land. The Company will require various documents and information, including but not limited to a completed mechanics' lien risk analysis, construction contract(s), lien waivers, loan agreement, disbursement information, executed indemnity agreement and current financial information from proposed indemnitors, in order to determine whether mechanics' lien insurance can be issued. Other requirements may be made following the review of such documents and information.

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

## **Wire Transfer Instructions**

*(Santa Ana - Title)*

**Date:** 06/30/2008

**Wire to:** First American Trust, FSB  
5 First American Way  
Santa Ana, CA 92707

**ABA Number:** 122241255

**For Credit To:** First American Title Insurance Company

**Account Number:** 3018210000

**Reference:** Escrow No.: NCS-359275-SA1 (BL ) \*\*\*MUST BE ON  
WIRE\*\*\*

Attn: Bob Loera  
Phone: (714)250-8352

**Customer Name:**

Should you have any questions or comments please do not hesitate to contact your Escrow Officer.

*Failure to reference all of the above information may result in a delay of your funds being applied to your file.*

**\*\*\* If a branch deposit or transfer is made at Wells Fargo Bank, the branch/teller must call the Accounting Department of First American Title at 714-250-8386 to advise of the transaction. Otherwise you will not receive immediate credit of your funds.\*\*\***

## CONDITIONS

### 1. DEFINITIONS

(a) "Mortgage" means mortgage, deed of trust or other security instrument.

(b) "Public Records" means title records that give constructive notice of matters affecting the title according to the state law where the land is located.

### 2. LATER DEFECTS

The Exceptions in Schedule B - Section Two may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attached between the Commitment Date and the date on which all of the Requirements (a) and (c) of Schedule B - Section One are met. We shall have no liability to you because of this amendment.

### 3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

### 4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

comply with the Requirements shown in Schedule B - Section One

or

eliminate with our written consent any Exceptions shown in Schedule B - Section Two.

We shall not be liable for more than the Policy Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

### 5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claim, whether or not based on negligence, which you may have against us concerning the title to the land must be based on this commitment and is subject to its terms.



**EXHIBIT A**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990**  
**SCHEDULE B**

**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 notice 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.

**EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:  
(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;  
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy; 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 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 their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

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

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or

created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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

Part One

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

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

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

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

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

**SCHEDULE B**

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

Part One

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

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

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy;  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:  
(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;  
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or 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 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 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 of equitable subordination; or  
(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:  
(a) to timely record the instrument of transfer; or  
(b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992**

### EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:  
(a) created, suffered, assumed or agreed to by the insured claimant;  
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy; or  
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:  
(i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or  
(ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:  
(a) to timely record the instrument of transfer; or  
(b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

### 9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

#### SCHEDULE B

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

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

In addition to the 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 \* land division  
\* improvements on the land \* 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 landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

#### **11. EAGLE PROTECTION OWNER'S POLICY**

##### **CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998**

**Covered Risks 14 (Subdivision Law Violation), 15 (Building Permit), 16 (Zoning) and 18 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability**

#### **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 the land
e. land division	f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.  
This exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
  - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
  - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.This exclusion does not limit the coverage described in Covered Risk 11 or 18.

#### **12. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE WITH EAGLE PROTECTION ADDED**

##### **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. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 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 insuring provisions 14, 15, 16 and 24 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 or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph (d) does not limit the coverage provided under insuring provisions 7, 8, 16, 17, 19, 20, 21, 23, 24 and 25); 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:
  - (a) usury, except as provided under insuring provision 10 of this policy; or
  - (b) any consumer credit protection or truth in lending law.
6. Taxes or assessments of any taxing or assessment authority which become a lien on the Land subsequent to Date of Policy.
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:
  - (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.
8. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided under insuring provision 7.
9. 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 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 under insuring provision 7.

#### **SCHEDULE B**

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

1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE.

#### **13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH EAGLE PROTECTION ADDED WITH REGIONAL EXCEPTIONS**

When the American Land Title Association loan policy with EAGLE Protection Added is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 12 above are used and the following exceptions to coverage appear in the policy.

#### **SCHEDULE B**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.

3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Part Two:

1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE