

**PLACER TITLE COMPANY**

**ALFRED KNOTTS**

**July 14, 2008**

**Order No.: 203-6968**

**Reference:**

**Property Address:**

**APN #033-180-15-100, SOUTH LAKE TAHOE, CA 96150**

**Thank you for letting us be of service to you. Enclosed are the reports requested on the above referenced property. If you have any questions concerning this report, please contact the office shown on the first page of the report.**

**El Dorado County Title Plant, 175 Placerville Dr., Placerville, CA 95667 - (530) 626-3994 Fax (530) 626-7346**

# PLACER TITLE COMPANY

## Preliminary Report

Issued By:

Order No. 203-6968  
AMEND  
Version 2

PLACER TITLE COMPANY  
1959 LAKE TAHOE BLVD.  
SOUTH LAKE TAHOE, CA 96150  
Escrow Officer: Brooke Hagopian  
Phone: 530-542-1811  
Fax: 530-542-1814  
Escrow Officer Email: bhagopian@placertitle.com  
Email Loan Docs To: 203edocs@placertitle.com

Customer Reference:

Property Address: APN #033-180-15-100, SOUTH LAKE TAHOE, CA 96150

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

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

PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN THE ATTACHED CAREFULLY. THE EXCEPTIONS AND EXCLUSIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS WHICH ARE NOT COVERED UNDER THE TERMS OF 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 June 30, 2008 at 7:30 a.m.

Title Officer: Dick Marinics

**Order No. 203-6968  
AMEND  
Version 2**

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

**CLTA Standard Coverage Policy**

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

**A FEE SIMPLE**

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

**THE STATE OF CALIFORNIA**

The land referred to herein is described as follows:

**SEE EXHIBIT "A" ATTACHED**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF EL DORADO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

**ALL THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 12 NORTH, RANGE 18 EAST, M.D.B.&M., BEING DESCRIBED AS A PORTION OF PARCEL 2, AS SAID PARCEL IS DESCRIBED IN BOOK 2411 AT PAGE 530, OFFICIAL RECORDS OF SAID COUNTY OF EL DORADO, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**ALL THAT PORTION OF THE ABOVE DESCRIBED PARCEL CONTIGUOUS WITH THE WESTERLY RIGHT OF WAY OF HIGHWAY 50, LYING NORTHERLY OF THE CENTER OF SAID SECTION 20 AS SHOWN ON THE RECORD OF SURVEY RECORDED IN BOOK 13 OF SURVEYS AT PAGE 5, SHEET 6 OF 6, OFFICIAL RECORDS.**

**THE DESCRIPTION SHOWN HEREIN IS FOR THE PURPOSE OF THIS REPORT ONLY AND IS NOT TO BE USED FOR CONVEYING, ENCUMBERING OR LEASING OF THE FEE TITLE.**

**EXCEPTIONS**

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

1. THE HEREIN DESCRIBED PROPERTY IS NOT CURRENTLY BEING ASSESSED.
2. THE TERMS AND PROVISIONS AS CONTAINED IN THAT CERTAIN AGREEMENT FOR THE TRANSFER OF CONTROL AND POSSESSION OF THE STATE OWNED REAL PROPERTY EXECUTED BY AND BETWEEN THE STATE OF CALIFORNIA WILDLIFE CONSERVATION BOARD AND THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, RECORDED MARCH 21, 1985 IN BOOK 2411 AT PAGE 530, EL DORADO COUNTY RECORDS.  
AFFECTS THIS AND OTHER PROPERTY

**\*\*\* NOTICE REGARDING FUNDS DEPOSITED IN ESCROW:**

CALIFORNIA INSURANCE CODE SECTION 12413.1 REGULATES THE DISBURSEMENT OF ESCROW AND SUB-ESCROW FUNDS BY TITLE COMPANIES. THE LAW REQUIRES THAT FUNDS BE DEPOSITED IN THE TITLE COMPANY ESCROW ACCOUNT AND AVAILABLE FOR WITHDRAWAL PRIOR TO DISBURSEMENT. FUNDS DEPOSITED WITH THE COMPANY BY WIRE TRANSFER MAY BE DISBURSED UPON RECEIPT. FUNDS DEPOSITED WITH THE COMPANY VIA CASHIER'S OR TELLER'S CHECKS DRAWN ON A CALIFORNIA BASED BANK MAY BE DISBURSED THE NEXT BUSINESS DAY AFTER THE DAY OF DEPOSIT. IF FUNDS ARE DEPOSITED WITH THE COMPANY BY OTHER METHODS, RECORDING AND/OR DISBURSEMENT MAY BE DELAYED.

**\*\*\* CANCELLATION NOTE:**

THIS REPORT IS SUBJECT TO A MINIMUM CANCELLATION CHARGE OF \$400.00 AS REQUIRED BY SECTION 12404 OF INSURANCE CODE AND RULE 2 OF BULLETIN NO. NS-35E.

**LENDER'S NOTE:**

**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 FULL COVERAGE LOAN POLICIES THAT ARE AUTHORIZED TO BE ISSUED ARE THE 1992 AND 2006 POLICIES.**

**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) reservations 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, interests 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.**

**CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS  
(Revised 06/17/06)**

**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building 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.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)**  
**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 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.

**LIMITATIONS ON COVERED RISKS**

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

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

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

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 5,000.00



**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 protectionThis 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 Risks.

**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 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 (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 judgement 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.

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

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

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

- (iii) the subdivision of land; or
  - (iv) environmental protection;
- or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
  3. Defects, liens, encumbrances, adverse claims, or other matters
    - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
    - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
    - (c) resulting in no loss or damage to the Insured Claimant;
    - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
    - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
  4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable 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.

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:

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10/17/92)**

**EXCLUSIONS FROM COVERAGE**

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

from 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 judgement 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.

#### **2006 ALTA OWNER'S POLICY (06/17/06) EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses 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 the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 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 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 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.

#### **ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01) EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to 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 areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of Interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

**NOTICE  
FEDERAL FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA)**

Upon the sale of United States real property, by a non-resident alien, foreign corporation, partnership or trust, the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), and as revised by the Tax Reform Act of 1984 (26 USCA 897 (C)(1)(A)(1) and 26 USCA 1445) requires the transferee (Buyer) of real property to withhold Internal Revenue Service income taxes in an amount equal to ten (10%) percent of the sale price from seller's proceeds, if ANY of the following conditions are met:

- (1) The selling price is greater than \$300,000.00
- (2) The selling price is less than \$300,000 AND the purchaser does not intend to occupy the property as his residence for at least 50% of the time of the first two 12 month periods following the date of transfer.

Withholding is not required if both of the following conditions are met:

- (1) The selling price is less than \$300,000  
and
- (2) The Buyer is acquiring the property as his residence, and the buyer or other qualifying family member will occupy the property for at least 50% of the time during each of the first 12-month periods following transfer of title to the buyer.

If the purchaser who is required to withhold income tax from the seller fails to do so, the purchaser is subject to fines and penalties as provided under Internal Revenue Code Section 1445. The seller may request a waiver or a reduced withholding amount by submitting a written request for a "qualifying statement" or "withholding certificate" (Form 8288-B) to:

Director, Internal Revenue Service  
Philadelphia Service Center  
P.O. Box 21086  
Philadelphia, PA 19114-0586

Escrow Holder will, upon written instructions from the purchaser, withhold Federal Income Tax from the seller and will deposit said tax with the Internal Revenue Service, together with IRS Forms 8288 and 8288-A. The fee charged for this service is \$25.00 payable to the escrow holder.

**CALIFORNIA WITHHOLDING**

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a transferee (Buyer) may be required to withhold an amount equal to 3 1/3 percent of the sales price or an alternative withholding amount certified to by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary or the seller, OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00), OR
2. The seller executes a written certificate, under the penalty of perjury, of any of the following:
  - A. The property qualifies as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121; or
  - B. The seller is (or decedent, if being sold by the decedent's estate) last used the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period; or
  - C. The seller has a loss or zero gain for California income tax purposes on this sale; or
  - D. The property is being compulsorily or involuntarily converted and the seller intends to acquire property that is similar or related in service or use to qualify for non-recognition of gain for California income tax purposes under IRC Section 1033; or
  - E. If the transfer qualifies for non-recognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest); or
  - F. The seller is a corporation (or an LLC classified as a corporation for federal and California income tax purposes that is either qualified through the California Secretary of State or has a permanent place of Business in California); or
  - G. The seller is a partnership (or an LLC that is not a disregarded single member LLC and is classified as a partnership for federal and California income tax purposes) with recorded title to the property in the name of the partnership of LLC; or
  - H. The seller is a tax-exempt entity under either California or federal law; or
  - I. The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust; or
  - J. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031; or
  - K. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031; or
  - L. The transfer of this property will be an installment sale that you will report as such for California tax purposes and the buyer has agreed to withhold on each principal payment instead of withholding the full amount at the time of transfer.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

**NOTICE  
DEPOSIT OF FUNDS AND DISBURSEMENT DISCLOSURE**

Unless you elect otherwise (as described below), all funds received by PLACER TITLE COMPANY (the "Company") in escrow will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the Company in a financial institution selected by the Company. The depositor acknowledges that the deposit of funds in a non-interest bearing demand account by Escrow Holder may result in said company receiving a range of economic benefits from the bank in the form of services, credits, considerations, or other things of value. The depositor hereby specifically waives any claim to such economic benefits payable to Escrow Holder resulting from non-interest bearing deposits. Unless you direct the Company to open an interest-bearing account (as described below), the Company shall have no obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by the Company and/or its affiliated company. Any such benefits shall be deemed additional compensation of the Company for its services in connection with the escrow.

If you elect, funds deposited by you prior to the close of escrow may be placed in an individual interest-bearing account arrangement that the Company has established with one of its financial institutions. You do not have an opportunity to earn interest on the funds deposited by a lender. If you elect to earn interest through this special account arrangement, the Company will charge you an additional fee of \$30.00 for the establishment and maintenance of the account. This fee compensates the Company for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes, and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn.

Funds deposited in an interest-bearing account will be withdrawn from such account and deposited in the Company's general escrow trust account approximately two business days prior to the scheduled close of escrow or other disbursement of such funds. **If you wish to have your funds placed in an interest bearing account (with an accompanying charge of \$30.00), please mark below, sign and return this form to your escrow officer.** In addition, you must complete and return IRS Form W-9. If you do not want to have your funds deposited in an interest-bearing account, you do not need to sign or return this notice and the Company will understand you to have elected to have your funds deposited in a non-interest bearing account. If you change your mind and later wish to have your funds placed in an interest-bearing account, please contact your escrow officer.

The funds you deposit are insured only to the limit provided by the Federal Deposit Insurance Corporation.

PLEASE CONSIDER THIS MY/OUR INSTRUCTION TO PLACE MY/OUR DEPOSIT(S) IN A SEGREGATED, INTEREST-BEARING ACCOUNT. I/WE UNDERSTAND THAT AN ADDITIONAL FEE OF \$30.00 WILL BE CHARGED FOR THIS SERVICE. I/WE HAVE READ AND UNDERSTAND ALL OF THE ABOVE INFORMATION.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date



## **PRIVACY POLICY NOTICE**

### **Purpose Of This Notice**

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of a persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of:

**Commonwealth Land Title Insurance Company  
Fidelity National Title Insurance Company  
First American Title Insurance Company  
First American Title Insurance Company of New York  
Lawyers Title Insurance Corporation  
Montana Title and Escrow Company  
National Closing Solutions  
National Closing Solutions of Alabama, LLC  
NCS Exchange Professionals  
North Idaho Title Insurance Company  
Old Republic National Title Insurance Company**

**Placer Title Company  
Placer Title Insurance Agency of Utah  
Stewart Title Guaranty Company  
Stewart Title Insurance Company  
Targhee National Title  
The Sterling Title Company  
Ticor Title Insurance Company  
Transnation Title Insurance Company  
United General Title Insurance Company  
Westcor Land Title Insurance Company  
Wyoming Title and Escrow Company**

We may collect nonpublic personal information about you from the following sources:

- \* Information we receive from you, such as on applications or other forms.
- \* Information about your transactions we secure from our files, our affiliates or others.
- \* Information we receive from a consumer reporting agency.
- \* Information we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- \* Financial service providers such as companies engaged in banking, consumer finances, securities and insurance.
- \* Nonfinancial companies such as envelope stuffers and other fulfillment service providers.

**WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

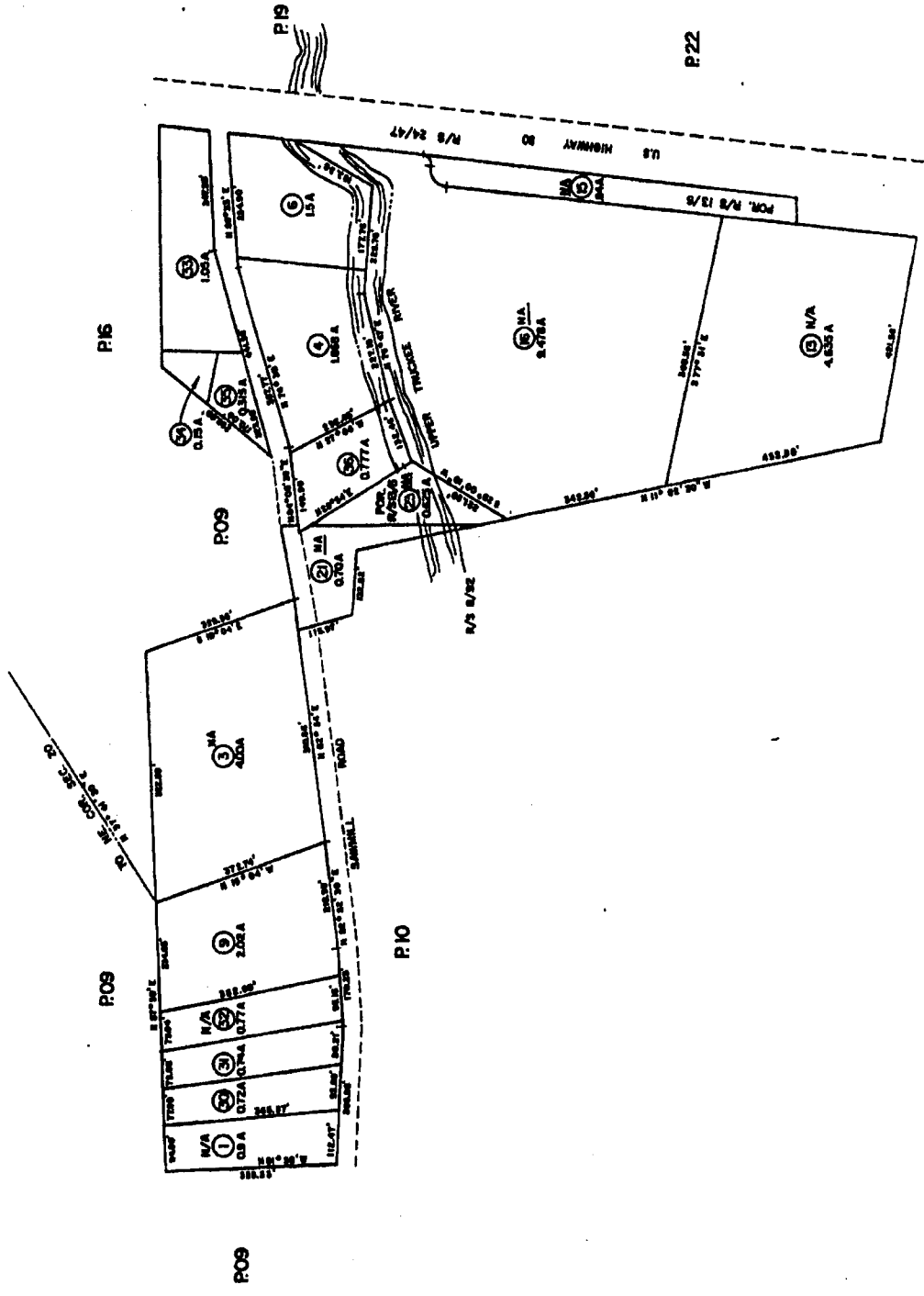
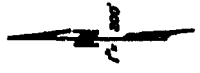
**PIC**  
PLACER TITLE COMPANY

This is not a plat or survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

POR SEC. 20, T.12N., R.18E., M.D.M.

33:18

Tax Area Code



Assessor's Map Bk. 35 - Pg. 88  
County of El Dorado, California

P10

NOTE - Assessor's Block Number Shown in Effluent Assessor's Parcel Number Shown in Circle

JUN 09 2008