

COMMERCIAL GUIDE BOOK

TO TITLE & ESCROW

IN CALIFORNIA

Contact Information

COMMERCIAL TITLE UNIT

4637 Chabot Drive, Suite 105

Pleasanton, CA 94588

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IPX 1031 EXCHANGE

455 Market St. Ste. 2100

San Francisco, CA 94105

415.291.5181

James Callejas, Vice President, Certified Exchange Specialist

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Pacific Coast Title Customer Service Department

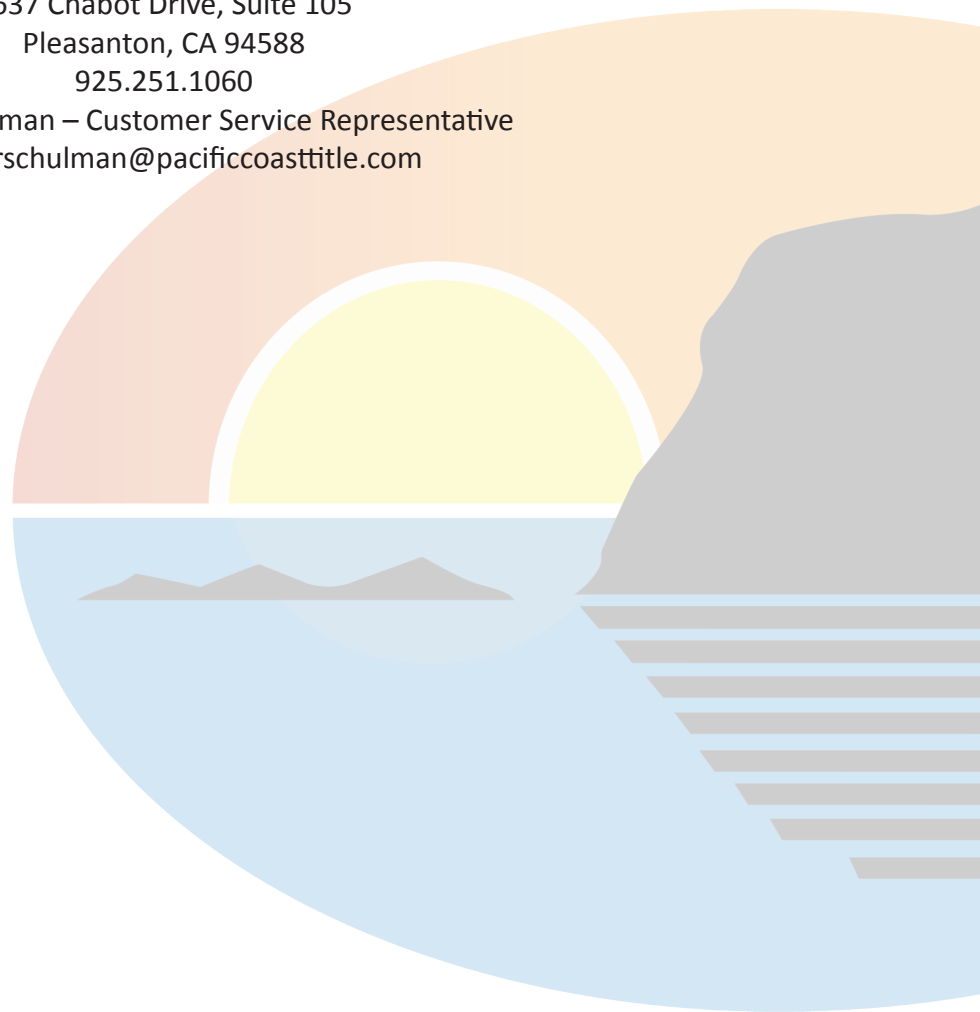
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Rebecca Schulman – Customer Service Representative

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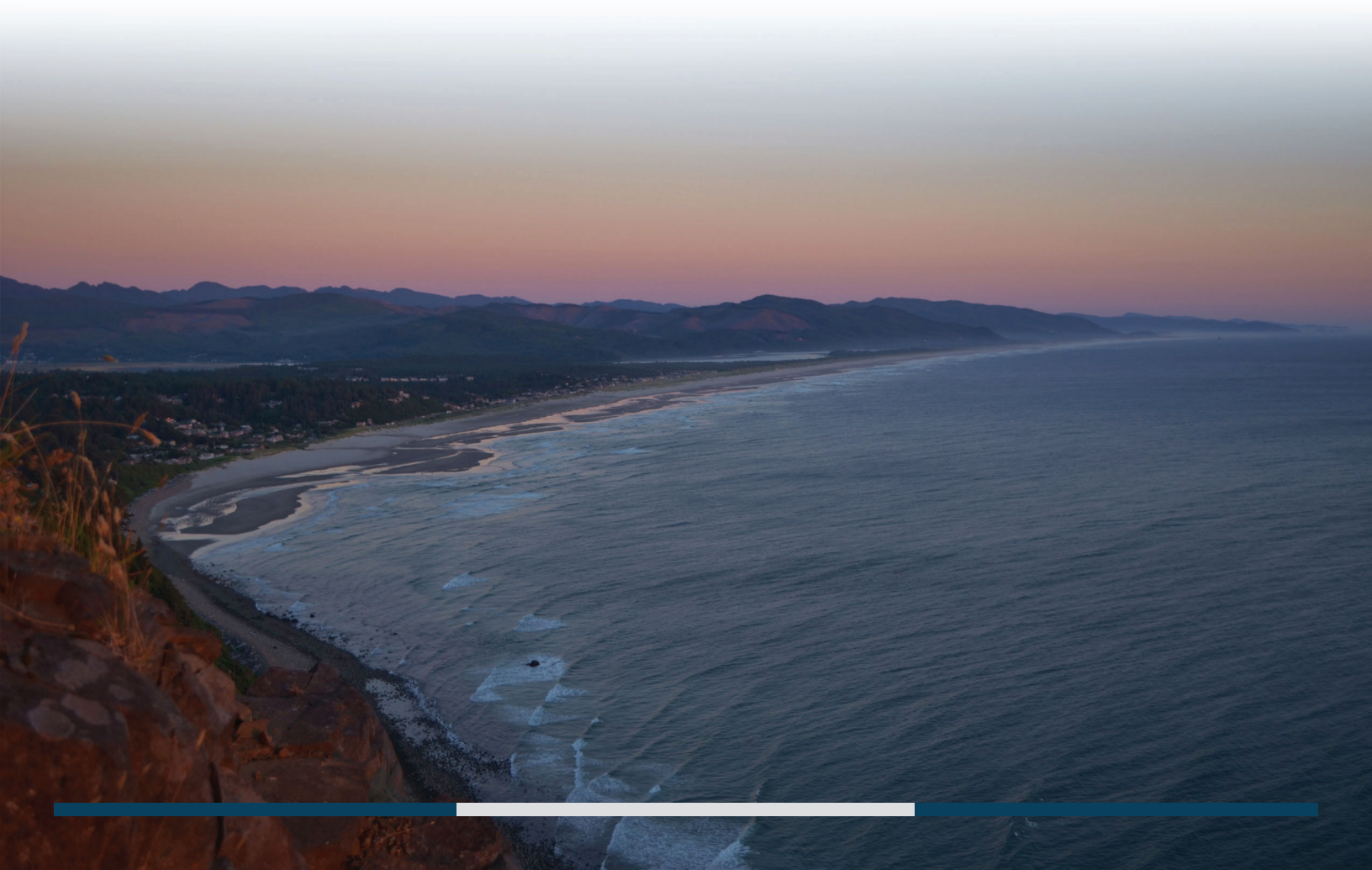
Introduction to Pacific Coast Title Company

We at Pacific Coast Title Company are proud to be able to provide this helpful guide to understanding the escrow and title process when buying, selling or completing a commercial loan transaction California.

With over 30 years of history in the title industry, Pacific Coast Title Company and our FNF family of title companies offer you the financial strength, experience and expertise needed to close your transactions with confidence and peace of mind.

This booklet has been prepared to give you an overview of the general process involved during the purchase/sale of a commercial loan transaction and explain the various roles that we will play in helping to close your transaction.

We hope you find this information beneficial in making your transaction and experience a smooth and positive one!





What is Title Insurance?

What is Title insurance?

Title Insurance is a contract of indemnity which guarantees that the property is as reported. We will reimburse the buyers for actual loss or damage under the condition specified in the policy. The title policy covers the insured for their loss up to the amount of the policy.

Title Insurance assures owners that they are acquiring marketable title. Title Insurance is designed to eliminate risk or loss caused by defects in title from the past. Title Insurance provides coverage only for title problems which were already in existence at the time the policy was issued.

A Preliminary Report contains vital information which can affect the close of escrow: ownership of the subject property, the current owners hold title, matters of record that specifically affects the subject property or the owners of the property, a legal description of the property and an informational plat map.

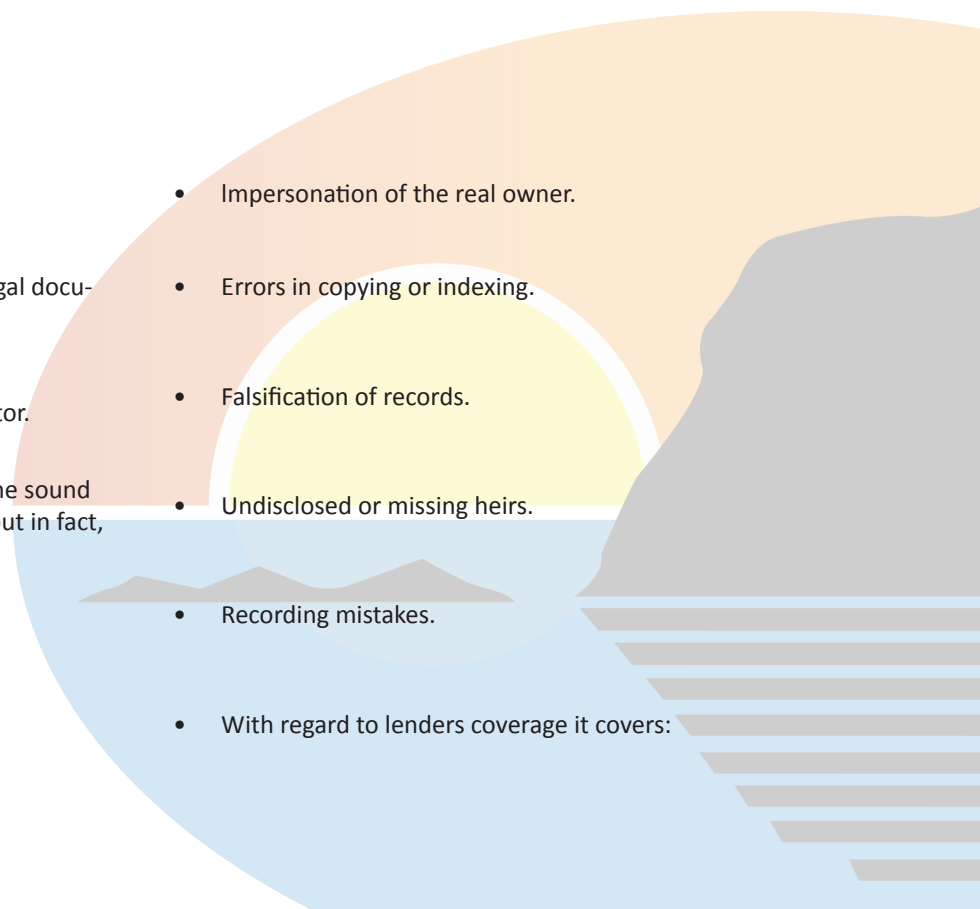
What does a Title Policy cover?

Not all risks can be determined by a title search since certain things such as: forgeries, identity of persons, incompetence, failures to comply with the law, or incapacity cannot be disclosed by an examination of the public records.

The preliminary report is an offer to insure certain situations. The title policy is a contract that gives coverage against such problems.

The California Land Title Association (CLTA) is a standard policy of Title Insurance in California.

What Does CLTA Cover?

- A forged signature on the deed
 - Mistakes in the interpretation of wills or other legal documents.
 - Deeds delivered without the consent of the grantor.
 - Deeds and mortgages signed by persons not of the sound mind, by minors or by someone listed as single but in fact, married.
 - Impersonation of the real owner.
 - Errors in copying or indexing.
 - Falsification of records.
 - Undisclosed or missing heirs.
 - Recording mistakes.
 - With regard to lenders coverage it covers:
- 

Concurrent, Co-Ownership Interests

	Community Property	Joint Tenancy	Tenancy Common	Tenancy In Partnership	Title Holding Trust	Community Right of Survivorship	Registered Domestic Partners
PARTIES	Only husband and wife.	Any number of persons. Can be husband and wife or registered domestic partners.	Any number of persons. Can be husband and wife or registered domestic partners.	Only partners (any number)	Individuals, groups of persons, or corporations, a living trust.	Only husband and wife.	Only partners that are registered with the California Secretary of State's Domestic Partners Registry.
DIVISION OF INTERESTS	Ownership and managerial interests are equal (except control of business is solely with managing spouse)	Ownership interest must be equal	Ownership can be divided into any number of interests equal or unequal	Ownership interest is in relation to interest in partnership	Ownership is a personal property interest and can be divided into any number of interests	Ownership and managerial interests are equal	Ownership and managerial interests are equal (except control of business is solely with managing domestic partner)
TITLE	Title is in the "community." Each interest is separate but management is unified	Sale or encumbrance by joint tenant severs joint tenancy	Each co-owner has a separate legal title to his/her undivided interest	Title is in partnership	Legal title is held by the trustee; beneficiary has equitable title	Title is in the "community." Management is unified	Title is in the "community." Each interest is separate but management is unified
POSSESSION	Both co-owners have equal management and control	Equal right of possession	Equal right of possession	Equal right of possession but only for partnership purposes	Right of possession as specified in the trust provisions	Both co-owners have equal management and control	Both co-owners have equal management and control
CONVEYANCE	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse; separate interest cannot be conveyed except upon death	Conveyance by one co-owner without the others breaks the joint tenancy	Each co-owner's interest may be conveyed separately by its owner	Any authorized partner may convey whole partnership property for partnership purposes	Designated parties within the trust agreement authorize the trustee to convey property. Also, a beneficiary's interest in the trust may be transferred	Right of survivorship may be terminated pursuant to the same procedures by which a joint tenancy may be severed	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other partner; real property requires written consent of other partner; separate interest cannot be conveyed except upon death
PURCHASERS STATUS	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser can only acquire whole title	A purchaser may obtain a beneficiaries interest by assignment or may obtain legal and equitable title from the trust	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser can only acquire whole title of community; cannot acquire a part of it
DEATH	On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to descendant's devisee or by succession to survivor	On co-owner's death, his/her interest ends and cannot be disposed of by will. Survivor owns property by survivorship	On co-owner's death, his/her interest passes by will to devisee or heirs. No survivorship rights	On partner's death, his/her partnership interest passes to the surviving partner pending liquidation of the partnership. Share of deceased partner then goes to his/her estate	Successor beneficiaries may be named in the trust agreement, eliminating the need for probate	Upon the death of a spouse, his/her interest passes to the surviving spouse, without administration, subject to the same procedures as property held in joint tenancy	On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to descendant's devisee or by succession to survivor
SUCCESSORS STATUS	If passing by will, tenancy in common between devisee and survivor results	Last survivor owns property	Devisee or heirs become tenants in common	Heirs or devisees have rights in partnership interest but not specific property	Defined by the trust agreement, generally the successor becomes the beneficiary and the trust continues	Surviving spouse owns property	If passing by will, tenancy in common between devisee and survivor results
CREDITORS RIGHTS	Property of the community is liable for debts of either spouse, which are made before or after marriage. Whole property may be sold on execution sale to satisfy creditor	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Joint tenancy is broken. Creditor becomes a tenant in common	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Creditor becomes a tenant in common	Partner's interest may be sold separately by "Charging Order" by his/her personal creditor, or his/her share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor	Creditor may seek an order for execution sale of the beneficial interest or may seek an order that the trust estate be liquidated and the proceeds distributed	Property of the community is liable for debts of either which are made before or after marriage. Whole property may be sold on execution sale to satisfy creditor	Property of the community is liable for debts of either partner, which are made before or after registration as domestic partners. Whole property may be sold on execution sale to satisfy creditor
PRESUMPTION	Strong presumption that property acquired by husband and wife is community	Must be expressly stated	Favored in doubtful cases except husband and wife	Arise only by virtue of partnership status in property placed in partnership	A trust is expressly created by an executed trust agreement	Must be expressly stated	Must be expressly stated

Disclaimer: The comparisons shown below are provided for informational purposes only. This chart should NOT be used to determine you acquire your ownership in the property. It is strongly recommended that you seek professional advice from an attorney and/or your tax advisor to determine the legal and tax consequences of how your title should be vested.

Organizational Documents and Authorized Representatives

This table lists the basic documentation that may be required for each type of entity. Be sure, however, to always look to the requirements shown on the Preliminary Report or contact your escrow officer.

Attorney-in-Fact	As Attorney-in-fact for another individual	Current US Government issued identification card	Power of Attorney
Bankruptcy (BK)	Bankruptcy Trustee	Court order appointing trustee	Court order approving sale
Conservatorship	Conservator (For Real Property)	Court order appointing Conservator	Court order approving sale
Corporation (Inc.)	Corporate Officer	Articles of Incorporation filled with the Corporation Commission	Corporate Resolutions
Estate	Personal Representative	Letters of Appointment & Acceptance	Letters of Testamentary or Letters of Administration
General Partnership	All Partners	Certificate of Partnership recorded with County Recorder	Partnership Agreement & Amendments
Guardianship	Guardian (For Personal Property or personal care)	Court order appointing Guardian	Court order approving sale
Individual	For him/herself	Current US Government issued identification card	N/A
Individual Retirement Account (IRA)	Custodian or Trustee of the IRA Account	Account Agreement	Account Agreement and Amendments
Limited liability Company (LLC)	Manager Or Managing Member as stated in operating agreement.	Articles of Organization filed with the Secretary of State	Operating Agreement Filed Articles of Organization
limited liability Partnership (LLP)	Partner(s) as authorized in the Partnership Agreement	Certificate of Registration from the Secretary of State	Partnership Agreement and Amendments
Limited Partnership (LP)	General Partner	Certificate of Partnership filed with the Secretary of State	Partnership Agreement and Amendments
Receivership	Cour Appointed Receiver	Court order appointing receiver	Court order approving sale
Trust	Trustee	Trust Agreement	Trust Agreements & Amendments
Unincorporated Association	Corporate Officer	Bylaws or Articles of Association	Resolution of the Association approving sale or Certificate



Important Tax Dates

January 1

Assessment Date.

Taxes become a lien at 12:01am. Not yet due and payable for the Fiscal Tax Year starting July 1. Thereafter title evidence must show taxes as a lien for the Fiscal Year Tax Year.

April 15

Last day to file for 100% Veterans or Homeowner's exemption.

To be eligible for applicable exemptions you must own and occupy property on March 1.

July 1

Current fiscal tax year begins.

November 1

1st Installment Due

(First installment-July 1 to December 31)

December 1

Last day to file for 80% Veterans or Homeowner exception.

10% penalty added to taxes due. If December 10th falls on a weekend or holiday, taxes are not delinquent until 5pm the next business day.

January 1

Calendar year begins

February 1

2nd Installment Due.

(Second Installment - January 1 to June 30)

April 10

2nd Installment becomes delinquent at 5pm

10% penalty plus \$10 administrative charge attaches. If April 10th falls on a weekend or holiday, taxes are not delinquent until 5pm the next business day.

June 30

Property tax may become defaulted if you fail to pay either or both installments by 5pm, property tax become defaulted and additional costs and penalties accrue. If June 30th falls on a weekend or holiday, taxes must be paid by 5pm on the preceding business day.

Reminder

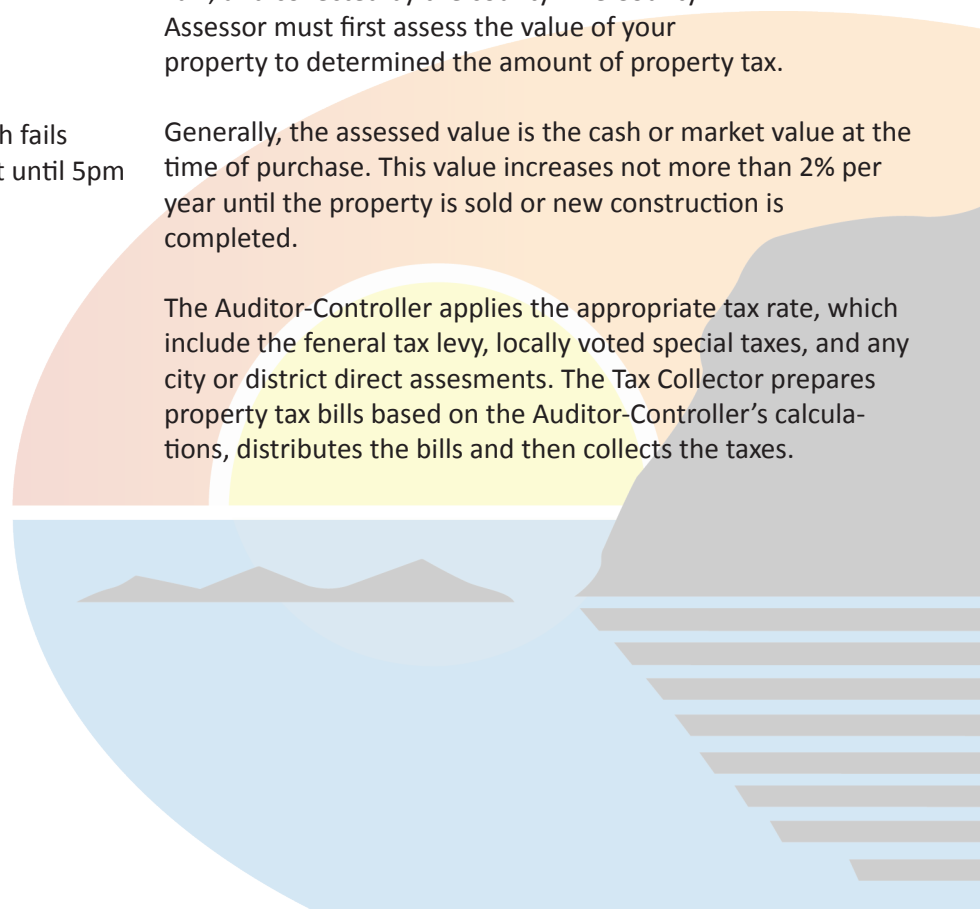
Property may be sold at public auction after 5 years of delinquency.

How Property Taxes are Determined

Property taxes are governed by California State Law, and collected by the county. The County Assessor must first assess the value of your property to determine the amount of property tax.

Generally, the assessed value is the cash or market value at the time of purchase. This value increases not more than 2% per year until the property is sold or new construction is completed.

The Auditor-Controller applies the appropriate tax rate, which include the federal tax levy, locally voted special taxes, and any city or district direct assessments. The Tax Collector prepares property tax bills based on the Auditor-Controller's calculations, distributes the bills and then collects the taxes.





How To Read a Preliminary Report

A Preliminary Report (Prelim), is a report which shows the terms upon which the company may issue its policy. It does not constitute a policy nor a commitment to issue such a policy. Also set out in the Prelim are information items that will assist the customer in expeditiously closing the proposed transaction thus enabling Pacific Coast Title to issue its policy(s) of title insurance.

The Prelim is issued after an extensive title search has been made on the real property and all the documents affecting said property have been examined to determine their effect on the said property.

The search is made of the public record, generally including the following public offices:

- The County Recorder of the county in which the real property is located.
- The taxing authority(s) that levies taxes and assessments on real property.

And sometimes:

- The clerk of the various courts of the State of California.
- The clerk of the United States District Court.

In addition to the above mentioned public records, certain types of policies and endorsements to be issued by Pacific Coast Title require that we make a physical inspection of the property. This inspection may disclose additional encumbrances or rights of other parties in and to said property not disclosed by the public records.

Following is a brief explanation of some of the more common items shown in a Prelim, together with an explanation of some of the preprinted items shown therein. The Preliminary Report provided herein is a sample of what a customer would receive shortly after placing an order with Pacific Coast Title Company. The numbered paragraphs correspond to the numbers shown on the sample Prelim.



How To Read a Preliminary Report Continued

- 1 This is the name of the Title Officer responsible for examining the title search and deciding which items will be shown in the Preliminary Report. Any questions regarding any items shown in the Preliminary Report should be directed to this person. The telephone number of this person can be found at the top of the page. Remember to refer to the order number when calling the Title Officer.
- 2 This is Pacific Coast Title's order number for this particular transaction. When directing any questions or correspondence to us, please refer to the number shown in this space. It will assist us to quickly respond to your inquiry.
- 3 The name and address of the Pacific Coast Title Branch and Escrow Officer who requested the Preliminary Report.
- 4 This preprinted paragraph states as of the specified date of the Preliminary Report, that Pacific Coast Title is willing, as of said date, to issue a policy of title insurance showing the items listed in the Preliminary Report.
- 5 This preprinted paragraph is a statement that in addition to the specific exceptions shown in the Preliminary Report, the policy(s), when issued, will contain certain standards, preprinted exceptions and exclusions not shown in the Preliminary Report Exhibit "A" attached to the Preliminary Report will set out what these exceptions and exclusions will be.
- 6 This preprinted paragraph makes the statement that the Preliminary Report is not a policy, and therefore no liability is assumed as to its correctness. If liability is required when the order is opened, the customer should request a Binder or a Commitment rather than a Preliminary Report.
- 7 This is the date and time to which the public records have been examined in compiling the Preliminary Report. Any items or documents recorded on this date or after this date will be reflected on any updates that may be ordered.
- 8 This area shows the type or types of policy(s) that Pacific Coast Title Company has been requested to issue once the transaction closes. It is important to remember that some policies, mostly notable those insuring construction loans, will require that Pacific Coast Title physically inspect the property before issuing such policy(s). If such a policy is required, please inform your Title Officer as soon as it is known to you, preferably when the order is opened. This will enable us to calendar the inspection and avoid delays at close.
- 9 This item indicates the type of estate that the vested owner holds in the real property. In most instances it will be a fee estate, which means the vested owner owns the dirt and structures, if any, attached thereto. Other types of estates that could be covered by a Preliminary Report include "leasehold", "life estate", and/or "easement".
- 10 This shows, as of the date of the Preliminary Report, the name of the person or entity who holds title to the estate shown in item number 9. Also included is the status of the vestee, (ie: single, married, etc), and the manner in which they hold title, also referred to as the tenancy, (ie: joint tenants, community property, etc.).
- 11 This is the legal description of the real property for which the Preliminary Report was prepared. Pacific Coast Title requires that all documents to be recorded at the close of the transaction contain this exact legal description. Any discrepancy between the legal description in the Preliminary Report and in the documents to be recorded should be discussed with the Title Officer as soon as possible to avoid delays in the closing of the transaction. **BEWARE:** If the legal description on the Preliminary Report has the words RESERVING in it, please contact the Title Department Manager immediately.

How To Read a Preliminary Report Continued

- 12** Any matters that affect the real property will be shown following this paragraph. These matters, called items and exceptions, will also be shown in the policy(s), to be issued, unless they are paid off, and released, or otherwise eliminated, prior to or concurrently with the issuance of said policy (s). The usual matters shown here would be taxes, easements, covenants, conditions, restrictions, deed of trust and money liens or judgments.
- 13** Most real property is subject to property taxes assessed by the Tax Collector. The tax information will always be shown as the first item on the Preliminary Report, because taxes have priority over all other matters. This item means that the property taxes for the fiscal year of July 1st of the following June 30th, actually become a lien on January 1st proceeding the fiscal year, even though the amount of the tax will not be available until the end of October of the fiscal year. This item will always be shown in any Preliminary Report dated between January 1st and November 1st, the date the first installment of the tax is due and payable.
- 14** The amount of the current property taxes for the fiscal year will be shown here when available from the Assessor's Office. To the right of the tax amounts will be a notation indicating the current status of the tax, such as "paid", "open", "not marked paid", or "delinquent". If the tax is delinquent, the penalty amount will also be shown. Also shown in this paragraph is the value at which the County Assessor has assessed the real property.
- 15** If the property taxes for the fiscal year are not paid by June 30th, the last day of the fiscal year, those property taxes are in default and the property is referred to as "tax defaulted property". Prior to September 11, 1984, tax defaulted property was referred to as a "tax sale to the State". If the property taxes are in default for prior fiscal years, the amount necessary to redeem the property will be shown in this item. Note: Due to Proposition 13 passed in 1978, the legislature in 1983 passed a law providing for the prompt reassessment of real property any time that the property changed ownership or new construction was completed thereon. Such reassessment will result in a supplemental tax bill for the additional tax amount. The amount of said supplemental taxes will be shown in the Preliminary Report if the supplemental tax bill is posted in the Assessor's Office prior to the date of the Preliminary Report.
- 16** A special assessment for Mello-Roos Community Facilities District for a school district.
- 17** This item will always be shown in the Preliminary Report and policy(s) because of the aforementioned law passed in 1983. Supplemental tax bills will always be forthcoming if property has changed ownership or if new construction has been completed. However, they will not become a lien on the property until such time as they are posted in the records of the tax collector, which could be a date after both the Preliminary Report and the Title Policy(s) are issued at the close of the transaction.
- 18** 18. This item refers to an easement granted in a recorded document. An easement in the limited right of someone other than the owner of the property to use the property. Usually easements are for utility purposes, widening of streets, ingress and egress, aviation rights, etc. It is important to remember that an easement shown in this part of the Preliminary Report runs over the property and does not refer to an easement for access to the property shown in the Preliminary Report. Any easement for access to the property would be shown in the Preliminary Report after the legal description, most often as "parcel 2".

How To Read a Preliminary Report Continued

- 19 This item is also referenced to an easement. This particular easement is one that is found on the subdivision map of the property shown in the legal description of the Preliminary Report.
- 20 Covenants, conditions and restrictions, (CC&R's) are limitations or qualifications on the use of real property imposed by a former owner by a conveyance or other document within the chain of title. If requested, Pacific Coast Title will be happy to furnish the customer a copy of the document imposing the CC&R's so that any party to the transaction will be aware of what limitations are regarding the use of property.
- 21 These paragraphs show that there is an Association referenced, in the aforementioned CC&R's. These items will always appear as subparagraph to the CC&R's.
- 22 A deed of trust is a conveyance, in trust, from the owner of the property to the trustee set out in the deed of trust for the purpose of securing the repayment of a monetary debt or some other form of obligation. If this item is paid off concurrently with the close of the transaction, the beneficiary of record must be contacted in order to obtain the demand and the documents necessary to obtain a reconveyance of the deed of trust.
- 23 Financing Statement (Form UCC-1) contains specific information, which is recorded to perfect a security interest in goods affixed or become affixed to real property.
- 24 Sometimes a lender will require an assignment of future rental income before they will make the loan.
- 25 A mechanic's lien is recorded by someone who has contributed labor or materials to the property, improving it, but who has not been paid, or who claims not to have been paid. In many instances following this item will be an action commenced to foreclose the mechanic's lien. The normal way to clear this item is to pay off the lien claimant and obtain a release of mechanic's lien and, if an action has been commenced to foreclose, a dismissal of the action. If the property owner disputes the validity of the lien, a bond can be obtained from a surety company and, once recorded, this bond will remove the mechanic's lien from the property. Prior to recording the bond, please submit it to your Title Officer so it can be examined and ascertained that it meets all the requirements of law.
- 26 When the borrower is a Corporation the noted documentation is required to prove the proposed transaction has been authorized by the board of directors and that the appropriate party(s) has executed the loan documents.
- 27 When a property is not "owner occupied" this matter is shown until unrecorded documents are submitted for all parties in possession, other than the vestee. After an unrecorded document has been sent to, and examined by the company, this item will be deleted and replaced by the type of possessory interest disclosed.
- 28 This item starts the Notes section of the Preliminary Report. The items shown in this portion of the report are for informational purposes only. This item, Note 1, is showing a conveyance of title recorded within 24 months from the date on the first page of the Preliminary Report. This is commonly referred to as a 24-month chain of title. Some lending institutions require 24-months, others only require 6-months.



1990 N. California Blvd., Suite 21
Walnut Creek, CA 94596
Title Officer: Mark Holderbein
Title Phone: (925) 251-1060

1

Title Email: mholderbein@pacificcoasttitle.com

Issuing Policies of Commonwealth Land Title Insurance Company

ORDER NO: 10010000-466-KZ **2**

Pacific Coast Title Company
1990 N. California Blvd., 8th Floor **3**
Walnut Creek, CA 94596
Attn: Karen Zook

Escrow Officer: Karen Zook
Escrow Phone: (925) 975-6100
Escrow Fax: (925) 975-6110
Escrow Email: kzook@pacificcoasttitle.com
Escrow Number: 10010000-466-KZ

PROPERTY: 1234 PROPERTY ADDRESS, PROPERTY CITY, CA

PRELIMINARY REPORT

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

5 *The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. 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 Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.*

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

The policy(s) of title insurance to be issued hereunder will be policy(s) of Commonwealth Land Title Insurance Company, a Nebraska Corporation.

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

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

Pacific Coast Title Company

Countersigned By:

Authorized Officer or Agent



Commonwealth Land Title Insurance Company

By:

Attest:



PRELIMINARY REPORT

7 EFFECTIVE DATE: September 9, 2013 at 7:30 a.m.

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

ALTA 2006 Extended Loan Policy

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

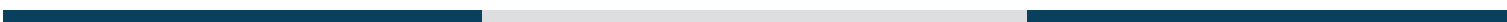
9 [A FEE]

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

10 ABC Inc., a California Corporation

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.





PRELIMINARY REPORT

EXHIBIT A

11 THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PROPERTY CITY, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel 123, as shown on the map of MS 1235, filed on January 10, 2000, in Book 321 of Parcel Maps, page 1, Contra Costa County Records.

Assessor's Parcel Number: 123-123-012



Pacific Coast Title Company
ESCROW NO: 10010000-466-KZ
TITLE NO 10010000

PRELIMINARY REPORT

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

13 1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year [2013-2014].

14 2. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2011-2012.

15 Default No. 555
Default Date: July 1, 2012

Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

Amount: \$11,897.52, by November 1, 2013

3. The herein described property lies within the boundaries of a Mello-Roos Community Facilities District ("CFD"), as follows:

CFD NO:

For: Mt. Diablo United School District

Disclosed By: Notice of Lien

Recorded: August 10, 1990, Instrument No. 90-163881, Book 16045, Page 1, of Official Records

16 This property, along with all other parcels in the CFD, is liable for an annual special tax. This special tax is included with and payable with the general property taxes of the City of Property City, County of Contra Costa. The tax may not be pre-paid.

Further information may be obtained by contacting:

Mt Diablo Unified School District

Failure to pay said taxes prior to the delinquency date may result in the above assessment being removed from the County Tax Roll and subjected to Accelerated Judicial Bond Foreclosure.

17 4. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation Code of the State of California.

18 5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Gas and Electric Company
Purpose: utility facilities
Recording Date: January 5, 1986, Instrument No. 86-555111, of Official Records
Affects: the northerly 10 feet of said land

19 6. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract/plat;

Purpose: public utilities and drainage facilities
Affects: the southerly 10 feet of land



PRELIMINARY REPORT

- 20 8. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document
- Recording Date: February 1, 1989, Instrument No. 89-123456, of Official Records
- 21 8. Liens and charges as set forth in the above mentioned declaration,
- Payable to: THE OWNERS ASSOCIATION
9. A deed of trust to secure an indebtedness in the amount shown below,
- 22 Amount: \$700,000.00
Dated: October 10, 1998
Trustor/Grantor ABC Inc., a California corporation
Trustee: The Trustee
Beneficiary: The Lender
Loan No.: 045678
Recording Date: October 15, 1998, Instrument no. 98-987654, of Official Records
10. A financing statement as follows:
- 23 Debtor: ABC Inc., a California corporation
Secured Party: The Lender
Recording Date: October 10, 1998
Recording No: October 15, 1998, Instrument No. 98-987655, of Official Records
11. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown
- 24 Recording Date: October 15, 1998
Recording No: Instrument No. 98-987656, of Official Records
Assigned to: The Lender
12. A claim of mechanic's lien or materialman's lien
- 25 Claimant: Contractor Supplier, Inc.
Amount: \$50,000.00
Recording Date: August 25, 2013
Recording No: Instrument no. 2013-112233, of Official Records



PRELIMINARY REPORT

13. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance by the corporation named below:

26

Name of Corporation: ABC Inc., a California corporation

- a) A Copy of the corporation By-laws and Articles of Incorporation
- b) An original or certified copy of a resolution authorizing the transaction contemplated herein
- c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

14. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

27

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.



Pacific Coast Title Company
ESCROW NO: 10010000-466-KZ
TITLE NO 10010000

NOTES

- 28 1. Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	123-123-012
Fiscal Year:	2012-2013
1st Installment:	\$4,505.36
2nd Installment:	\$4,505.36
Exemption:	\$0.00
Land:	\$258,237.00
Improvements:	\$432,117.00
Personal Property:	\$0.00
Code Area:	03083

2. NOTE: The only conveyance(s) affecting said Land, which recorded within 24 months of the date of this report, are as follows:

Grantor: ABC Inc., a California corporation
Grantee: ABC, LLC, a California limited liability company
Recording Date: January 25, 2012, Instrument No. 2012-01945, of Official Records

And

Grantor: ABC, LLC, a California limited liability company
Grantee: ABC Inc, a California corporation
Recording Date: March 5, 2013, Instrument No. 2013-12345, of Official Records

3. **NOTE:** The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

4. **NOTE:** Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee must be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

"The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this payoff is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record or the Successor Trustee under the Trust Deed to be paid off in full."

In the event that the reconveyance fee and the assignment, release or transfer thereof are not included within the demand statement, then Pacific Coast Title Company may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.

5. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

Endorsements – ACCESS

CLTA Form 103.11 (Access and Entry)

Provides insured with coverage against loss sustained in the event that a certain described easement does not provide an identified portion of the land with both actual vehicular and pedestrian access to and from an identified physically open and publicly maintained street.

CLTA Form 103.12 (Indirect Access and Entry)

Provides insured with coverage against loss sustained in the event that a certain described easement does not provide an identified portion of the land with both actual vehicular and pedestrian access to and from an identified physically open and publicly maintained street.

CLTA Form 103.4

Provides insured owner or lender with insurance that an insured easement affords ingress and egress to and from a specified public street.

CLTA Form 103.7

Provides insured owner or lender with insurance that the land described in Schedule A abuts on a specific, physically open public street.

Endorsements – ASSIGNMENTS

CLTA Form 104

Provides assignee of the ALTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee; (b) subsisting real property tax or assessment liens; (c) matters shown by the public records which affect the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting title to the estate or interest covered by the policy. (See CTI 3146; TICOR 7946; and SUTIC 12746 for broader coverage.)

CLTA Form 104A

Provides assignee of the CLTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee; (b) subsisting real property tax or assessment liens; (c) matters shown by the public records which affect the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting title to the estate or interest covered by the policy.

CLTA Form 104.1

Provides assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee; and (b) full or partial reconveyances, modification or subordination of the insured mortgage.

CLTA Form 104.4

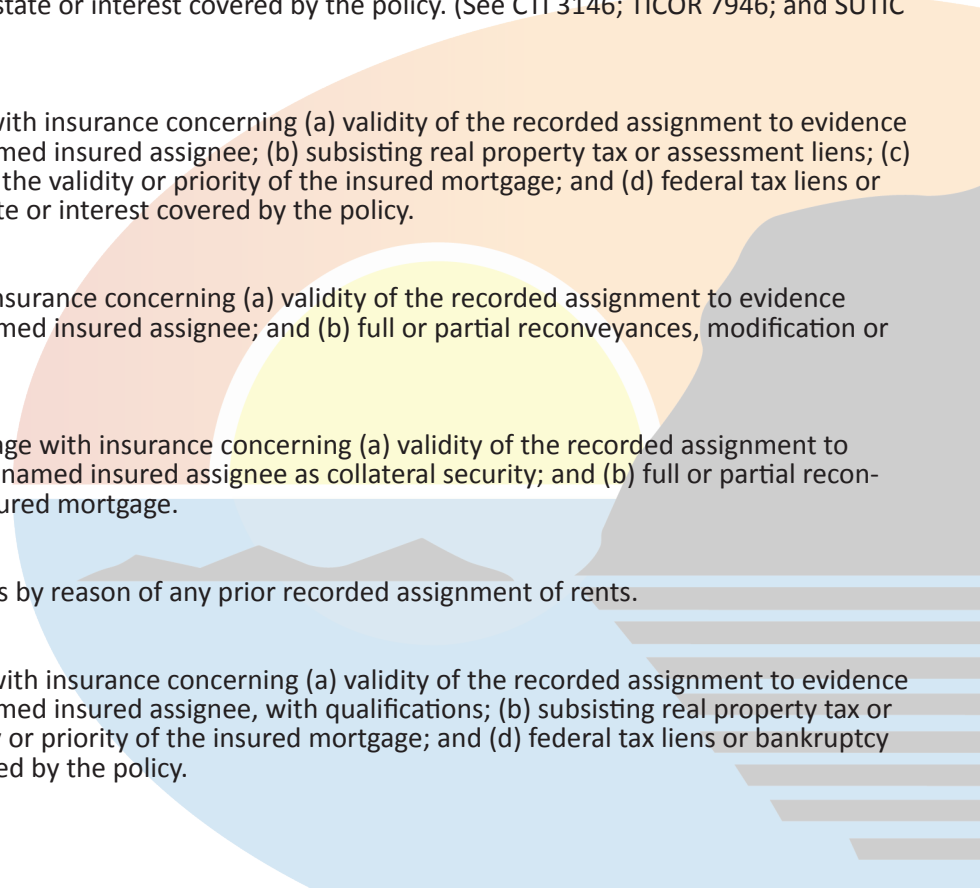
Provides collateral assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the beneficial interest to the named insured assignee as collateral security; and (b) full or partial reconveyance, modification or subordination of the insured mortgage.

CLTA Form 104.7

Provides insured lender with coverage against loss by reason of any prior recorded assignment of rents.

CLTA Form 104.8

Provides assignee of the ALTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; (b) subsisting real property tax or assessment liens; (c) matters affecting the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting the estate or interest covered by the policy.



CLTA Form 104.9

Provides assignee of the CLTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; (b) subsisting real property tax or assessment liens; (c) matters shown by the public records which affect the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting the estate or interest covered by the policy.

CLTA Form 104.10

Provides assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; and (b) full or partial reconveyance, modification or subordination of the insured mortgage.

CLTA Form 104.11

Provides collateral assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee as collateral security, with qualifications; and (b) full or partial reconveyances, modification or subordination of the insured mortgage.

CLTA Form 106

Provides State of California with insurance concerning the release or relinquishment of access rights, by deed or other voluntary conveyance, with respect to the grantor's remaining land in the event a portion of the land has been conveyed for a freeway or limited access highway.

CLTA Form 106C

Provides State of California with insurance concerning the elimination of access rights, by condemnation, with respect to an owners remaining land in the event a portion of that land has been condemned for a freeway or limited access highway.

CLTA Form 106.1

Provides State of California with insurance concerning the release or relinquishment of access rights only, by deed or other voluntary conveyance, with respect to land abutting a freeway or limited access highway.

CLTA Form 106.2

Provides State of California with insurance concerning the release or relinquishment of access rights only, by deed or other voluntary conveyance, with respect to the grantor's remaining land if a portion of the land has been conveyed for a freeway or limited access highway, and with respect to other land abutting such freeway or limited access highway.

CLTA Form 106.2C

Provides State of California with insurance concerning the elimination of access rights, by condemnation, with respect to an owners remaining land if a portion of that land has been condemned for a freeway or limited access highway, and with respect to other land abutting such freeway or limited access highway.

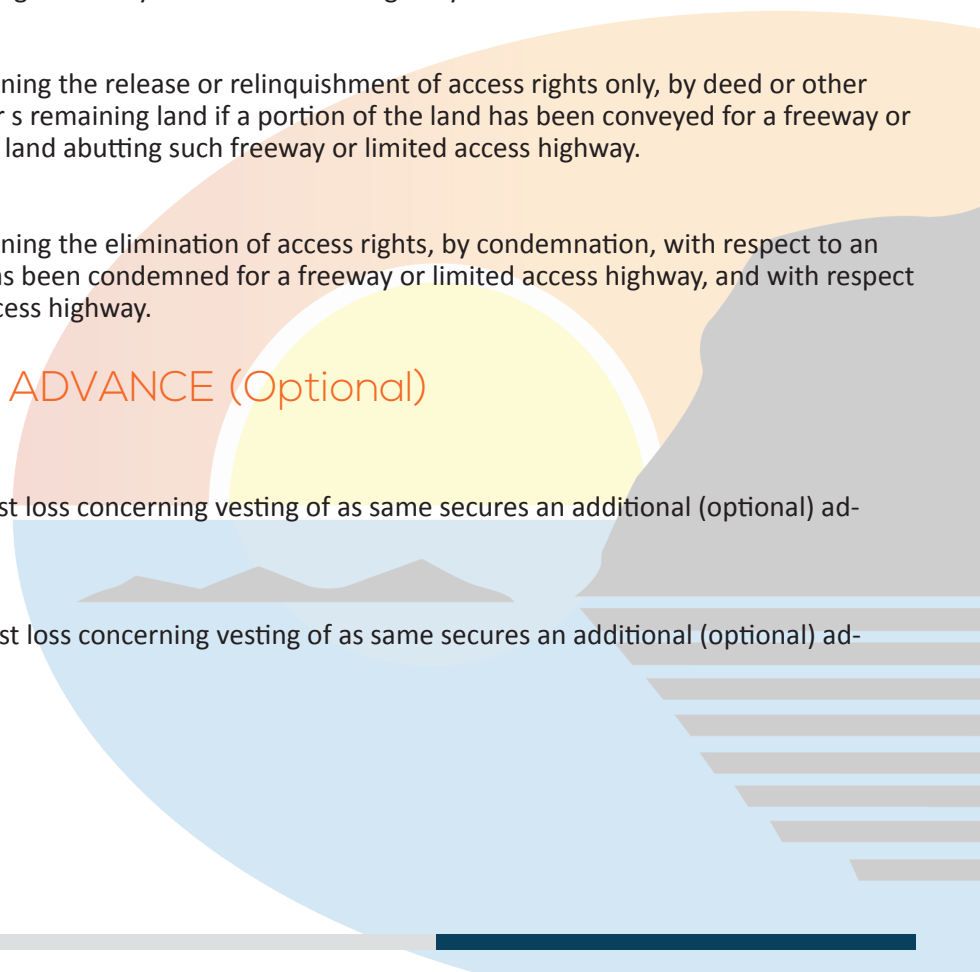
Endorsements – ADDITIONAL ADVANCE (Optional)

CLTA Form 108.7

Provides insured CLTA lender with coverage against loss concerning vesting of as same secures an additional (optional) advance, and increases policy liability

CLTA Form 108.8

Provides insured ALTA lender with coverage against loss concerning vesting of as same secures an additional (optional) advance, and increases policy liability



CLTA Form 111.10 (Optional Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement. Except as to intervening matters of which the insured has actual knowledge.

CLTA Form 108.9

Provides the Department of Veterans Affairs of the state of California with coverage against loss concerning vesting of, and defects in or liens or encumbrances on, title to the estate or interest covered, with respect to an advance made under its purchase agreement with a veteran.

CLTA Form 108.10

Provides insured line of credit lender with coverage against defined loss connected with (1) vesting of title and (2) continued priority of the insured mortgage insofar as that mortgage secures an increased line of credit. This endorsement also increases the existing lender's policy liability by the amount of the increased credit limit.

Endorsements – ADDITIONAL (OBLIGATORY)

CLTA Form 111.11 (Obligatory Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement.

CLTA Form 111.14 (Future Advance-Priority)

Provides insured ALTA lender with coverage against loss concerning priority of insured mortgage lien insofar as same secures an additional advance and readvance. Provides insured lender with coverage against loss by reason of loss of priority of the lien of the insured mortgage caused by changes in the rate of interest, interest on interest, and increases in the unpaid principal resulting from the addition of unpaid interest.

CLTA Form 111.14.1 (Future Advance-Knowledge)

Provides insured ALTA lender with coverage against loss concerning priority of insured mortgage lien insofar as same secures an additional advance and re-advance where the insured has no knowledge of intervening matters. Provides insured lender with coverage against loss by reason of loss of priority of the lien of the insured mortgage caused by changes in the rate of interest, interest on interest, and increases in the unpaid principal resulting from the addition of unpaid interest.

CLTA Form 111.14.2 (Future Advance-Letter of Credit)

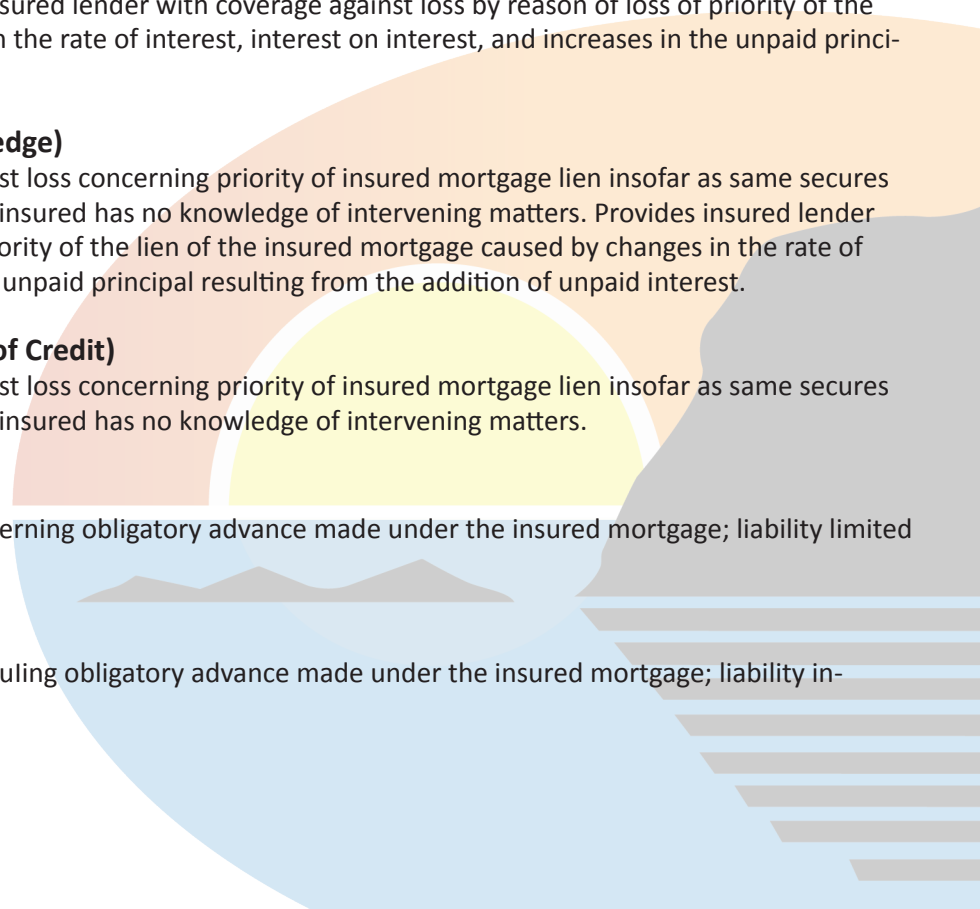
Provides insured ALTA lender with coverage against loss concerning priority of insured mortgage lien insofar as same secures an additional advance and re-advance where the insured has no knowledge of intervening matters.

CLTA Form 122

Provides insured ALTA lender with insurance concerning obligatory advance made under the insured mortgage; liability limited to face amount of policy.

CLTA Form 122.2

Provides insured ALTA lender with insurance conculing obligatory advance made under the insured mortgage; liability increased by amount of advance.





Endorsements – BONDS

CLTA Form 112

Amends CLTA Conditions and Stipulations to provide coverage for bondholders if the insured mortgage is a trust indenture securing bonds.

CLTA Form 112.1

Amends ALTA Conditions and Stipulations to provide coverage for bondholders if the insured mortgage is a trust indenture securing bonds.

CLTA Form 112.2

Amends CLTA Conditions and Stipulations to provide coverage for bondholders if the bonds are a lien, not on the title, but on the revenues produced from the land.

CLTA Form 119.4

Provides insurance to bondholders that sublease is valid and will be binding at the commencement of its term, subject to intervening matters.

Endorsements – COINSURANCE

CLTA Form 114

Provides for coinsurance of policy risks, among two or more title insurance companies, with segregated liabilities.

CLTA Form 114.1

Provides for coinsurance of policy risks among two or more title insurance companies, with joint and several liabilities.

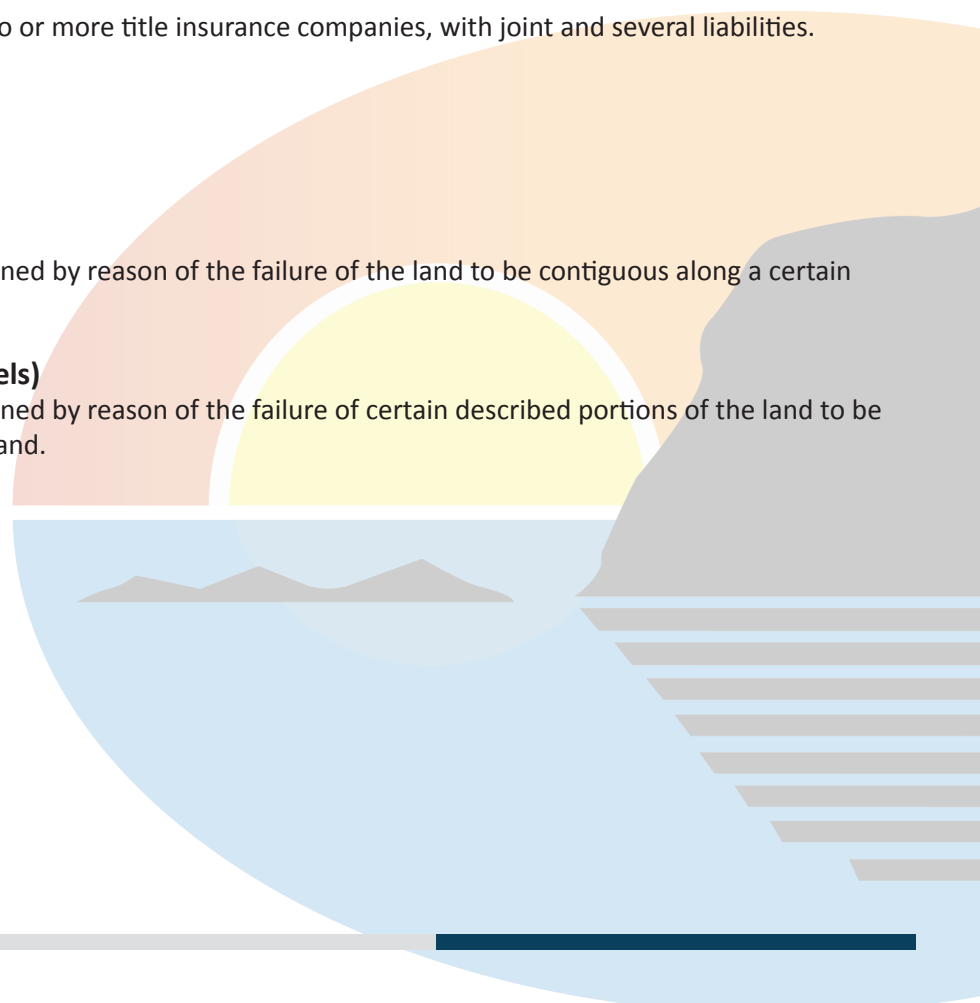
Endorsements – CONTIGUITY

CLTA Form 116.4 (Contiguity-Single Parcel)

Provides insured with coverage against loss sustained by reason of the failure of the land to be contiguous along a certain described boundary line.

CLTA Form 116.4.1 (Contiguity-Multiple Parcels)

Provides insured with coverage against loss sustained by reason of the failure of certain described portions of the land to be contiguous with other described portions of the land.



Endorsements – COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R's)

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CITA Form 100.4

Provides insured lender with coverage against loss by reason of a present violation of a particular provision of CC&R's.

CLTA Form 100.5

Provides insured owner with coverage against loss by reason of a present violation of CC&R's.

CLTA Form 100.6

Provides insured owner with coverage against loss by reason of present or future violations of CC&R's.

CLTA Form 100.7

Provides insured owner with coverage against loss by reason of a present violation of a particular provision of CC&R's.

CLTA Form 100.8

Provides insured owner with coverage against loss by reason of present or future violation of a particular provision of CC&R's.

CLTA Form 100.12

Provides insured lender with insurance concerning the enforceability of reverter rights found in CC&R's.

CLTA Form 100.13

Provides insured ALTA lender with insurance concerning the priority of a mortgage lien over maintenance or upkeep assessment liens.

CLTA Form 100.17

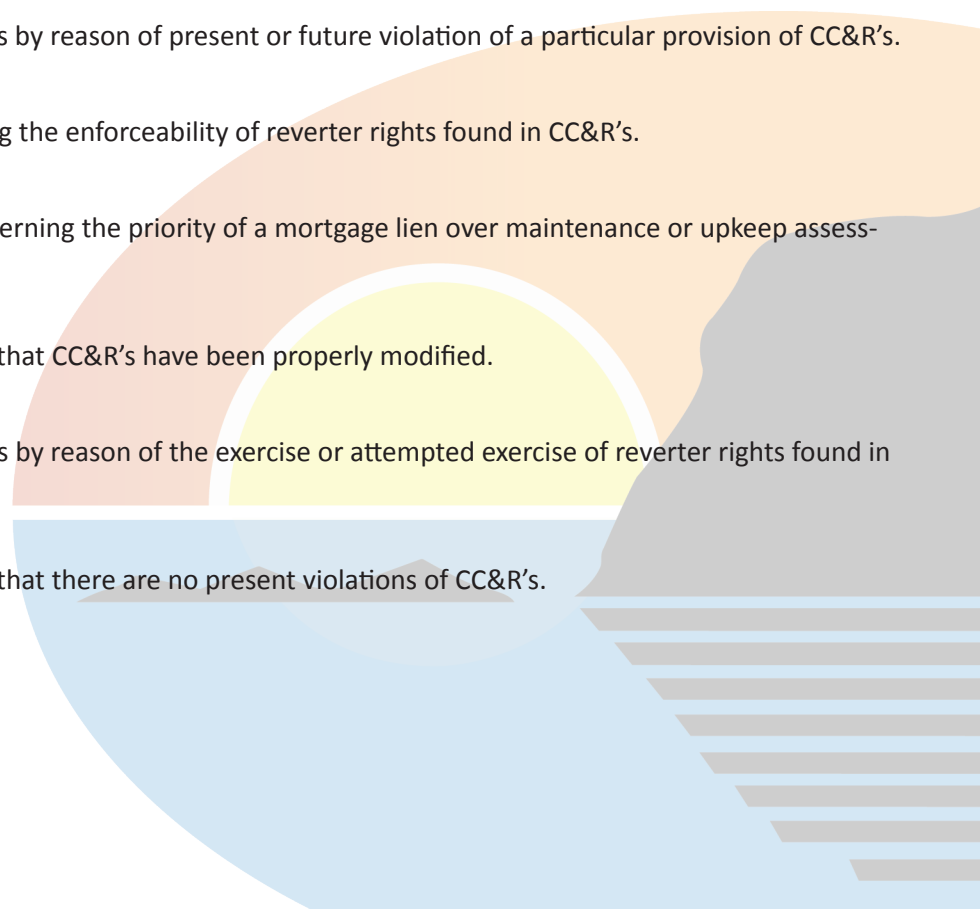
Provides insured owner or lender with insurance that CC&R's have been properly modified.

CLTA Form 100.18

Provides insured lender with coverage against loss by reason of the exercise or attempted exercise of reverter rights found in the CC&R's.

CLTA Form 100.19

Provides insured owner or lender with insurance that there are no present violations of CC&R's.



CLTA Form 100.20

Provides insured owner or lender with coverage against loss by reason of the enforcement or attempted enforcement of CC&R's which enforcement is based on a present violation of the CC&R's prior to the effective date of the policy.

CLTA Form 100.21

Provides insured lender with insurance concerning approval of construction plans and specifications as required by CC&R's.

CLTA Form 100.25

Provides insured ALTA lender with coverage against loss by reason of a violation of CC&R's occasioned by subsurface oil drilling operations.

CLTA Form 100.27

Provides insured ALTA lender with coverage against loss of mortgage lien or title after foreclosure, or unmarketability of title, resulting from any present violation of CC&R's.

CLTA Form 100.28

Provides insured owner or lender with coverage against loss by reason of present or future violation of a particular provision of the CC&R's resulting from the construction of designated improvements.

CLTA Form 102.4

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, and that their location does not violate referenced CC&R's.

CLTA Form 102.5

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, that their location does not violate referenced CC&R's, and that they do not encroach upon referenced easements. (Broader coverage than CLTA Form 102.4).

CLTA Form 102.6

Provides insured lender with insurance that the foundations of the structure under construction on a portion of the land are within the boundaries of such portion, and that their location does not violate referenced CC&R's (limited liability). This endorsement is useful if a construction loan mortgage encumbers a tract development and foundations have been completed on part of the land only.

CLTA Form 102.7

Provides insured construction lender with insurance that the foundations of the structure under construction on a portion of the land are within the boundaries of such portion, that their location does not violate referenced CC&R's, and that they do not encroach on referenced easements (limited liability).

CLTA Form 115.1 (ALTA FORM 4)

Provides coverage for an insured ALTA lender against loss concerning statutory compliance, violations of CC&R's, homeowners association charges and assessments, the separate assessment of real property taxes, encroachments and the exercise of a right of first refusal to purchase, all with respect to a condominium unit within a condominium project.

CLTA Form 115.2 (ALTA FORM 51)

Provides coverage for an insured ALTA lender against loss concerning violations of CC&R's, homeowners association charges and assessments, encroachments and the exercise of a right of first refusal to purchase, all with respect to a parcel of land in a planned development.

CLTA Form 124.1

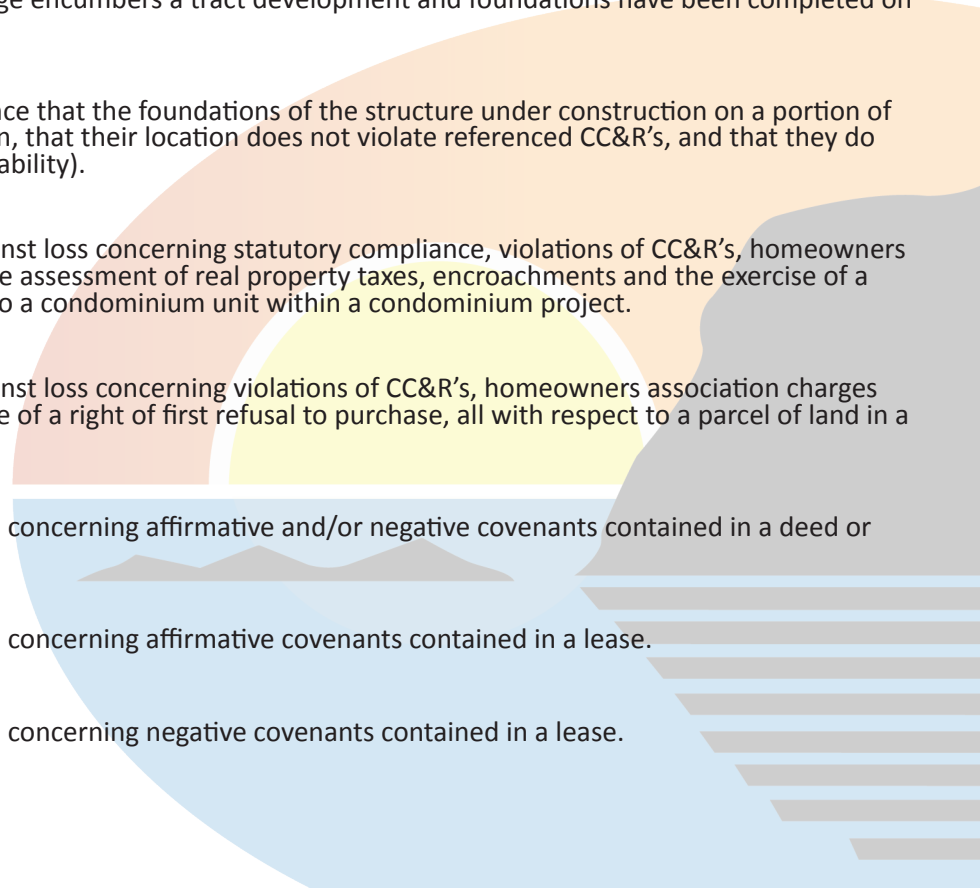
Provides insured owner or lender with insurances concerning affirmative and/or negative covenants contained in a deed or agreement between landowners.

CLTA Form 124.2

Provides insured owner or lender with insurances concerning affirmative covenants contained in a lease.

CLTA Form 124.3

Provides insured owner or lender with insurances concerning negative covenants contained in a lease.



Endorsements – DEED OF TRUST

CLTA Form 128 (Mezzanine Financing)

Provides mezzanine lender with insurance that, in the event of a loss, policy liability will not be denied to the mezzanine lender on the ground that any or all of the ownership interest (direct or indirect) in the insurance have been transferred to or acquired by the Mezzanine Lender. The endorsement also provides non-imputation coverage.

Endorsements – DEPARTMENT OF VETERANS' AFFAIRS (CA)

CLTA Form 108.9

Provides the Department of Veterans Affairs of the state of California with coverage against loss concerning vesting of, and defects in or liens or encumbrances on, title to the estate or interest covered, with respect to an advance made under its purchase agreement with a veteran.

Endorsements – DESCRIPTIONS

CLTA Form 103.7

Provides insured owner or lender with insurance that the land described in Schedule A abuts on a specific, physically open public street.

CLTA Form 116.3

Provides insured owner or lender with insurance that the land described in the policy now constitutes all or part of a later subdivision of the land.

CLTA Form 116.4

Provides insured owner or lender with insurance that the land described in the policy is contiguous to other land.

Endorsements – EASEMENTS

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

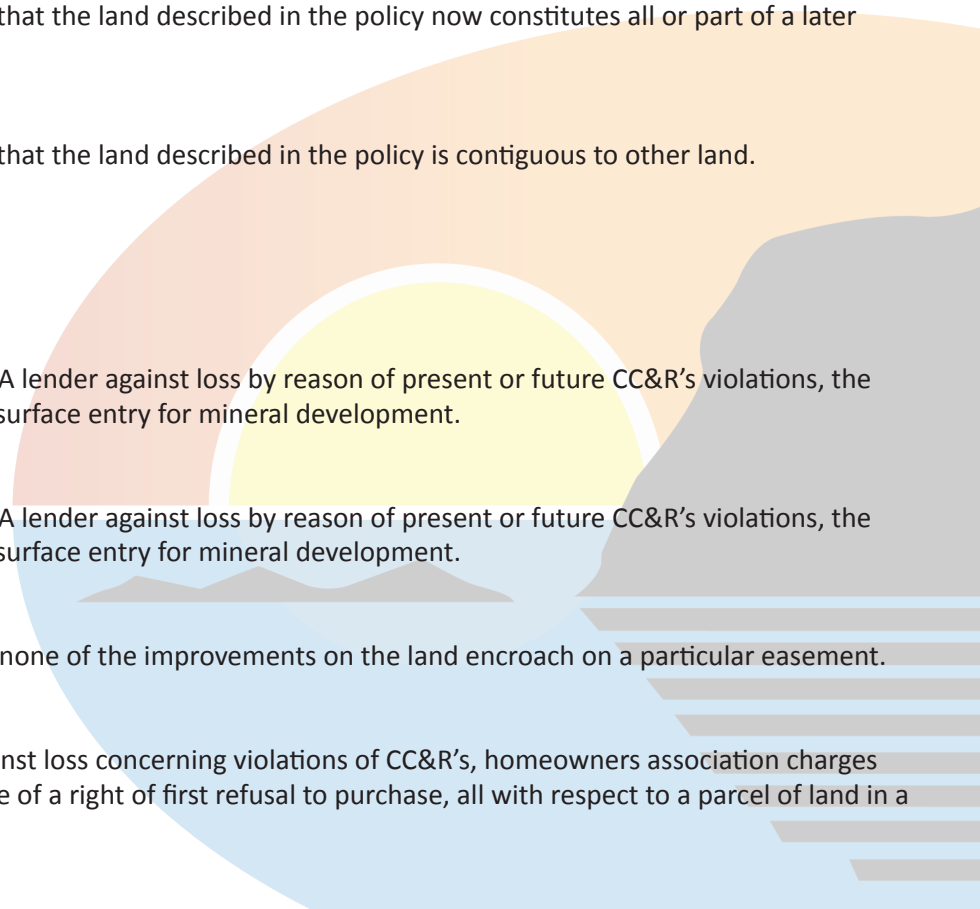
Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 103,6

Provides insured ALTA lender with insurance that none of the improvements on the land encroach on a particular easement.

CLTA Form 115.2 (ALTA FORM 5)

Provides coverage for an insured ALTA lender against loss concerning violations of CC&R's, homeowners association charges and assessments, encroachments and the exercise of a right of first refusal to purchase, all with respect to a parcel of land in a planned development.



CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R's (12 violations, the encroachment of improvements, or by reason of surface entry for mineral development).

CLTA Form 102.5

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, that their location does not violate referenced CC&R's, and that they do not encroach upon referenced easements. (Broader coverage than CLTA Form 102.4).

CLTA Form 102.7

Provides insured construction lender with insurance that the foundations of the structure under construction on a portion of the land are within the boundaries of such portion, that their location does not violate referenced CC&R's, and that they do not encroach on referenced easements (limited liability).

CLTA Form 103.1

Provides insured lender with coverage against loss by reason of the exercise of the right of use or maintenance of a particular easement by the easement holder.

CLTA Form 103.3

Provides insured lender with coverage against loss by reason of the forced removal of improvements which encroach on a particular easement which easement right is presently being exercised.

CLTA Form 103.4

Provides insured owner or lender with insurance that an insured easement affords ingress and egress to and from a specified public street.

Endorsements – ENCROACHMENTS

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 115.1 (ALTA FORM)

Provides coverage for an insured ALTA lender against loss concerning statutory compliance, violations of CC&R's, homeowners association charges and assessments, the separate assessment of real property taxes, encroachments and the exercise of a right of first refusal to purchase, all with respect to a condominium unit within a condominium project.

CLTA Form 102.4

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, and that their location does not violate referenced CC&R's.

CLTA Form 102.5

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, that their location does not violate referenced CC&R's, and that they do not encroach upon referenced easements. (Broader coverage than CLTA Form 102.4).



CLTA Form 102.6

Provides insured lender with insurance that the foundations of the structure under construction on a portion of the land are within the boundaries of such portion, and that their location does not violate referenced CC&R's (limited liability). This Endorsement is useful if a construction loan mortgage encumbers a tract development and foundations have been completed on part of the land only.

CLTA Form 102.7

Provides insured construction lender with insurance that the foundations of the structure under construction on a portion of the land are within the boundaries of such portion, that their location does not violate referenced CC&R's, and that they do not encroach on referenced easements (limited liability).

CLTA Form 103.3

Provides insured lender with coverage against loss by reason of the forced removal of improvements which encroach on a particular easement which easement right is presently being exercised.

CLTA Form 103.6

Provides insured ALTA lender with insurance that none of the improvements on the land encroach on a particular easement.

CLTA Form 103.9

Provides insured ALTA lender with coverage against loss by reason of forced removal of proposed improvements which encroach into a public street, provided proposed improvements are located and constructed in accordance with designated plans and specifications.

CLTA Form 111.3

Provides insured lender with coverage against loss by reason of (a) any impairment of the lien of the insured mortgage on the remaining land occasioned by a partial reconveyance, and (b) with insurances concerning encroachments and the designation of improvements on the remaining land.

CLTA Form 115.2 (ALTA FORM 5)

Provides coverage for an insured ALTA lender against loss concerning violations of CC&R's, homeowners association charges and assessments, encroachments and the exercise of a right of first refusal to purchase, all with respect to a parcel of land in a planned development.

Endorsements – ENVIRONMENTAL PROTECTION LIENS

CLTA Form 110.9.1 (ALTA form 8.2)

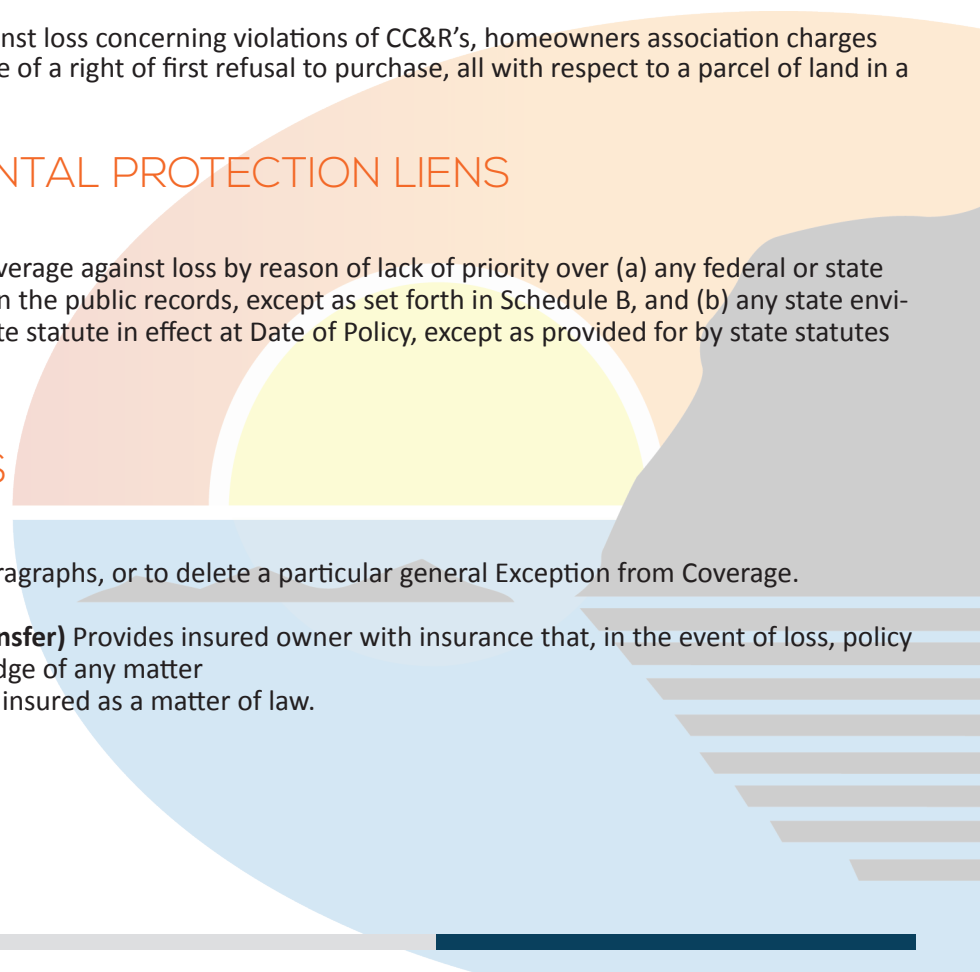
Provides insured ALTA commercial lender with coverage against loss by reason of lack of priority over (a) any federal or state environmental protection lien which is recorded in the public records, except as set forth in Schedule B, and (b) any state environmental protection lien provided for by any state statute in effect at Date of Policy, except as provided for by state statutes specified in the endorsement.

Endorsements – EXCEPTIONS

CLTA Form 110.1

Amends policy to delete particular Schedule B paragraphs, or to delete a particular general Exception from Coverage.

CLTA Form 127 (Non-imputation-Full Equity Transfer) Provides insured owner with insurance that, in the event of loss, policy liability will not be denied on the basis of knowledge of any matter solely by reason of notice thereof imputed to the insured as a matter of law.



CLTA Form 127.1 (Non-imputation-Additional Insured)

Provides additional insured with insurance that, in the event of loss, policy liability will not be denied on the basis of knowledge of any matter solely by reason of notice thereof imputed to the insured as a matter of law.

CLTA Form 127.2 (Non-imputation-Partial Equity Transfer)

For a partial equity transfer, provides insured owner with insurance that, in the event of loss, policy liability will not be denied on the basis of knowledge of any matter solely by reason of notice thereof imputed to the insured as a matter of law.

CLTA Form 130 (First Loss-Multiple Parcel Transactions)

Subject to provisions, in the event of a claim resulting from a matter insured against by this policy, the Company agrees to pay that portion of the Material Impairment Amount that does not exceed certain limits of liability without requiring the maturity of the Indebtedness by acceleration or the pursuit by the insured of its remedies against the Collateral or the pursuit by the insured of its remedies under any guaranty, bond or other insurance policy.

CLTA Form 131 (Creditors' Rights)

Provides insured with coverage against loss sustained by reason of the avoidance in whole or in part or a court order providing some other remedy, based on the voidability of any estate, interest, or mortgage shown in Schedule A because of the occurrence on or before Date of Policy of a fraudulent transfer or a preference under federal bankruptcy, state insolvency or similar creditors rights laws.

Endorsements – FOUNDATIONS

CLTA Form 102.4

Provides insured construction lender with insurance that the foundations of the structure under construction are within the boundaries of the land, and that their location does not violate referenced CC&R's.

Endorsements – IMPROVEMENTS

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.26

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under an FHA project, resulting from the exercise of surface or subsurface rights for the extraction or development of minerals excepted from the description of the land.

CLTA Form 100.29

Provides insured owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals excepted from the description of the land or shown as a reservation in Schedule B.

CLTA Form 115.1 (ALTA FORM 4)

Provides coverage for an insured ALTA lender against loss concerning statutory compliance, violations of CC&R's, homeowners association charges and assessments, the separate assessment of real property taxes, encroachments and the exercise of a right of first refusal to purchase, all with respect to a condominium unit within a condominium project.

CLTA Form 100.2

Provides insured ALTA lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals leased under an oil and gas lease.

CLTA Form 103.3

Provides insured lender with coverage against loss by reason of the forced removal of improvements which encroach on a particular easement which easement right is presently being exercised.

CLTA Form 103.5

Provides insured extended coverage owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

CLTA Form 103.6

Provides insured ALTA lender with insurance that none of the improvements on the land encroach on a particular easement.

CLTA Form 103.8

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under FHA project, resulting from the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

CLTA Form 103.9

Provides insured ALTA lender with coverage against loss by reason of forced removal of proposed improvements which encroach into a Public street, provided proposed improvements are located and constructed in accordance with designated plans and specifications.

CLTA Form 107.5

Provides that the value of the lessee's interest in improvements, even though cast as personal property in the insured lease, will be included as an element of loss otherwise insured against under the leasehold policy.

CLTA Form 111.3

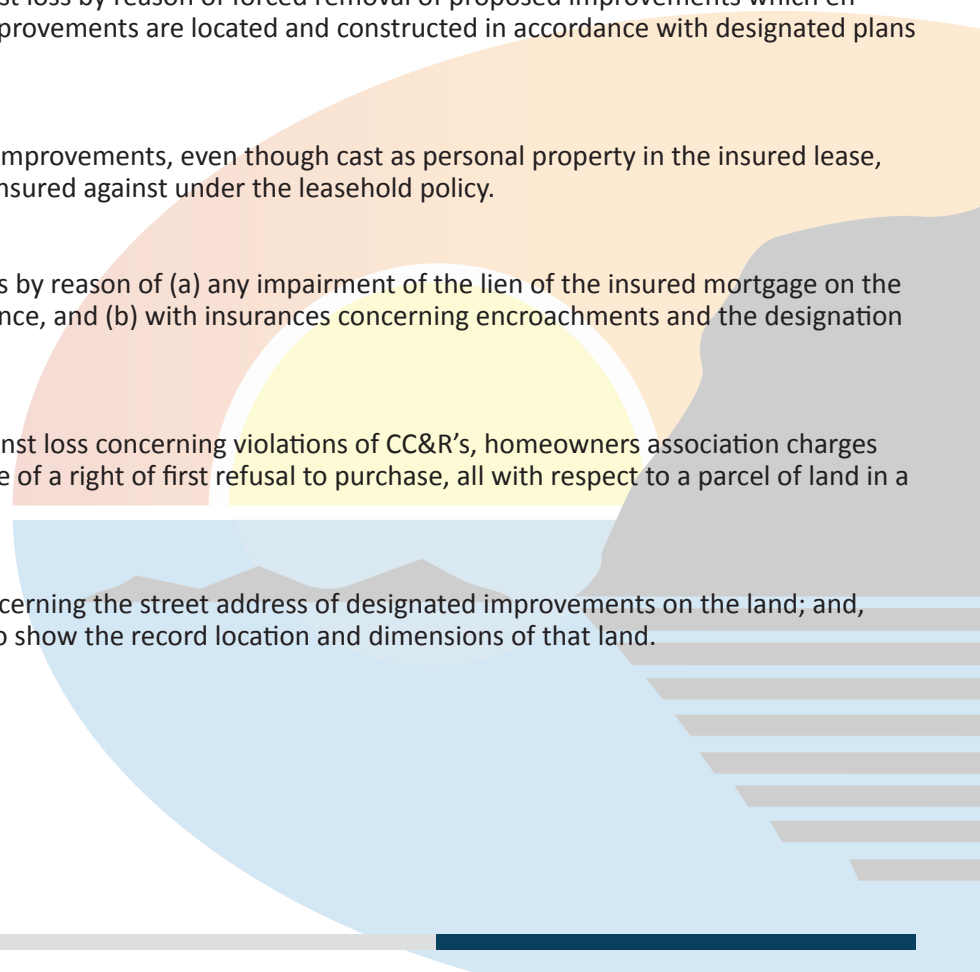
Provides insured lender with coverage against loss by reason of (a) any impairment of the lien of the insured mortgage on the remaining land occasioned by a partial reconveyance, and (b) with insurances concerning encroachments and the designation of improvements on the remaining land.

CLTA Form 115.2 (ALTA FORM 5)

Provides coverage for an insured ALTA lender against loss concerning violations of CC&R's, homeowners association charges and assessments, encroachments and the exercise of a right of first refusal to purchase, all with respect to a parcel of land in a planned development.

CLTA Form 116

Provides insured ALTA lender with insurances concerning the street address of designated improvements on the land; and, with respect to the sufficiency of the policy plat to show the record location and dimensions of that land.



CLTA Form 116.2

Provides insured ALTA lender with insurance concerning the street address of designated separately owned elements comprising part of the insured condominium; and, with respect to the sufficiency of the referenced map or plan to show the exterior boundary of the condominium project as a whole.

CLTA Form 116.5 (ALTA FORM 7)

Provides insured ALTA lender with insurance that the term land as defined in the policy includes the manufactured housing unit located on the land at Date of Policy.

CLTA Form 116.6

Provides insured ALTA lender with insurance that the manufactured housing unit described in the endorsement is included within the term land when used in the policy. This endorsement requires that a description of the manufactured housing unit be set forth in the endorsement.

Endorsements – LEASES

CLTA Form 100.23

Provides insured ALTA lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals leased under an oil and gas lease.

CLTA Form 100.24

Provides insured ALTA lender with insurance that lessee under mineral lease does not have any right to enter on or use the surface of the land.

CLTA Form 104.7

Provides insured lender with coverage against loss by reason of any prior recorded assignment of rents.

CLTA Form 107.5

Provides that the value of the lessee's interest in improvements, even though cast as personal property in the insured lease, will be included as an element of loss otherwise insured against under the leasehold policy.

CLTA Form 109

Provides insured CLTA owner or lender with insurance concerning assignments of the lessor's interest under community oil and gas lease.

CLTA Form 119

Provides insured CLTA lender with coverage concerning the due execution and record priority of an extant lease to which the insured mortgage is subject.

CLTA Form 119.1

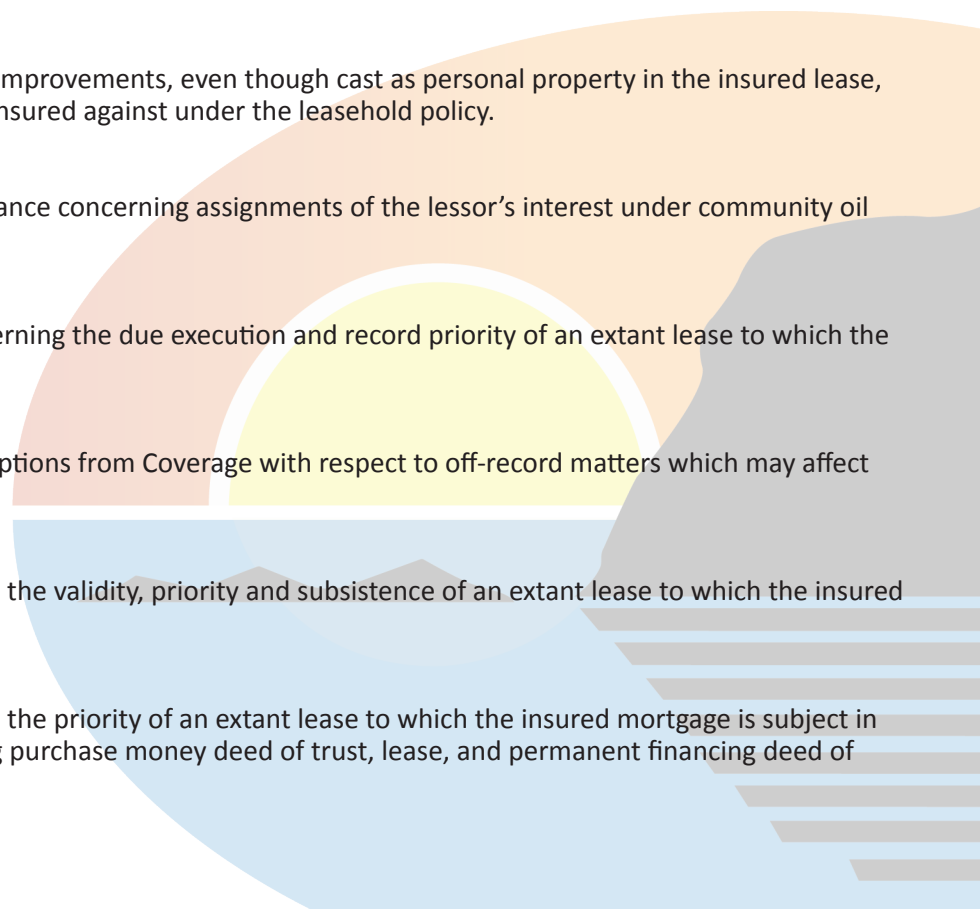
Amends CLTA policy by adding other general Exceptions from Coverage with respect to off-record matters which may affect title to the covered leasehold estate.

CLTA Form 119.2

Provides insured ALTA lender with insurance as to the validity, priority and subsistence of an extant lease to which the insured mortgage is subject.

CLTA Form 119.3

Provides insured ALTA lender with insurance as to the priority of an extant lease to which the insured mortgage is subject in circuitry of lien situations. (Relative priority among purchase money deed of trust, lease, and permanent financing deed of trust is questionable.)



CLTA Form 119.4

Provides insurance to bondholders that sublease is valid and will be binding at the commencement of its term, subject to intervening matters.

CLTA Form 120.2

Provides insured oil and gas lessee with insurance that deed of trust on fee estate executed prior to oil and gas lease has since been subordinated to the oil and gas lease.

CLTA Form 124.2

Provides insured owner or lender with insurances concerning affirmative covenants contained in a lease.

CLTA Form 124.3

Provides insured owner or lender with insurances concerning negative covenants contained in a lease.

Endorsements – MECHANICS' LIENS

CLTA Form 101

Provides insured CLTA construction lender with coverage against loss by reason of lack of priority of the insured mortgage over statutory liens for services, labor or material, based on the claim that material had been delivered, or work commenced, prior to mortgage recording. This endorsement provides mechanics lien coverage.

CLTA Form 101.1

Provides insured owner with coverage against loss by reason of statutory liens for services, labor or material arising out of a work of improvement referred to in a recorded notice of completion.

CLTA form 101.1-A

Provides Department of Veterans Affairs of the State of California with coverage against loss by reason of statutory liens for services, labor or material arising out of a work improvement referred to in a recorded notice of completion.

CLTA Form 101.2

Provides insured construction lender with coverage against loss by reason of a lack of priority of the insured mortgage over statutory liens for services, labor or material arising out of a work of improvement referred to in a recorded notice of completion.

CLTA Form 1013

Provides insured lender with coverage against loss by reason of a lack of priority of the insured mortgage over statutory liens for services, labor or material arising out of a work improvement under construction or completed at the date thereof.

CLTA Form 101.4

Provides insured owner with coverage against loss by reason of any statutory liens for services, labor or material arising out of a work of improvement under construction or completed at the date thereof.

CLTA Form 101.5

Provides insured lender with insurance as to the regularity of a recorded notice of completion and that, as to the land described in the notice, no statutory liens for services, labor or material have been recorded, except as shown (liability limited to a stated amount).

CLTA Form 101.6

Provides insured lender with insurance as to the regularity of a recorded notice of completion and that, as to the land described in the notice, no statutory liens for services, labor or material have been recorded, except as shown (liability limited to face amount of policy).

Endorsements – MECHANICS' LIENS

CLTA Form 101.8

Provides off-site insured CLTA lender with coverage against loss by reason of lack of mortgage priority over statutory liens for services, labor or material arising out of a separate contract for off-site work.

CLTA Form 101.9

Provides insured owner with coverage against loss by reason of statutory liens for services, labor or material arising out of a work of improvement referred to in a recorded notice of completion on a part of the land (liability limited to a stated amount).

CLTA Form 101.10

Provides insured lender with Coverage against loss by reason of lack of priority of the Insured mortgage over statutory liens for services, labor or material arising out of a work of improvement referred to in a recorded notice of completion on a part of the land (liability limited to a stated amount).

CLTA Form 101.11

Provides insured lender with coverage against loss by reason of lack of priority of the insured mortgage over statutory liens for services, labor or material arising out of a work of improvement under construction or completed at the date thereof on a part of the land (liability limited to a stated amount).

CLTA Form 101.12

Provides insured owner with coverage against loss by reason of statutory liens for services, labor or material arising out of any work of improvement under construction or completed at the date thereof on a part of the land (liability limited to a stated amount).

CLTA Form 101.13

Provides insured construction lender with coverage against loss by reason of any statutory lien for services, labor or material arising out of a work of improvement referred to in a recorded notice of completion.

CLTA Form 108.7

Provides insured CLTA lender with coverage against loss concerning vesting of title, subsistence and priority of insured mortgage lien insofar as same secures an additional (optional) advance, and increases policy liability by the amount of the advance.

CLTA Form 108.8

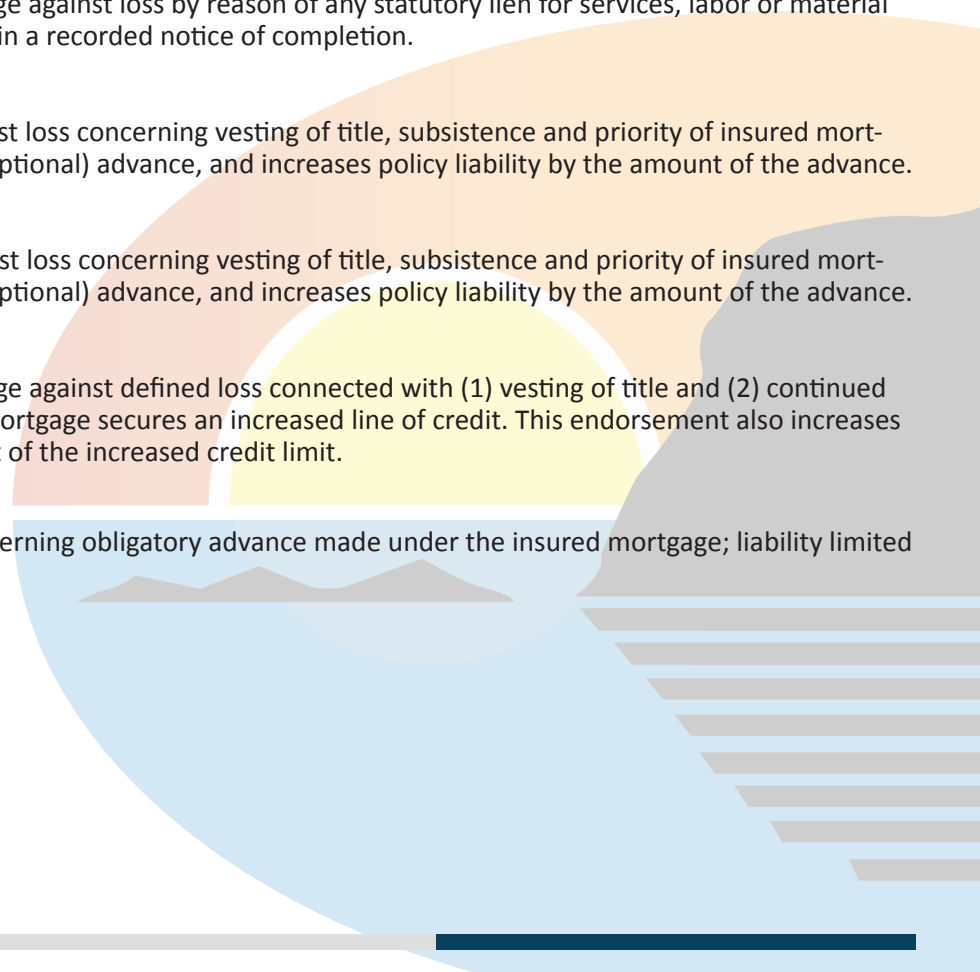
Provides insured ALTA lender with coverage against loss concerning vesting of title, subsistence and priority of insured mortgage lien insofar as same secures an additional (optional) advance, and increases policy liability by the amount of the advance.

CLTA Form 108.10

Provides insured line of credit lender with coverage against defined loss connected with (1) vesting of title and (2) continued priority of the insured mortgage insofar as that mortgage secures an increased line of credit. This endorsement also increases the existing lender's policy liability by the amount of the increased credit limit.

CLTA Form 122

Provides insured ALTA lender with insurance concerning obligatory advance made under the insured mortgage; liability limited to face amount of the policy.



Endorsements – MINERALS

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100 (Modified)

Provides limited CLTA Form 100 coverage for an insured owner or lender with respect to vacant land concerning violations of CC&R's, the encroachment of improvements and surface entry for mineral development.

CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.23

Provides insured ALTA lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals leased under an oil and gas lease.

CLTA Form 100.24

Provides insured ALTA lender with insurance that lessee under mineral lease does not have any right to enter on or use the surface of the land.

CLTA Form 100.26

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under an FHA project, resulting from the exercise of surface or subsurface rights for the extraction or development of minerals excepted from the description of the land.

CLTA Form 100.29

Provides insured owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals excepted from the description of the land or shown as a reservation in Schedule B.

CLTA Form 110.3

Provides insured owner or lender with insurance that mineral owner has relinquished right of surface entry.

CLTA Form 126.1

Provides coverage for insured CLTA owner of a one-to-four family residence against defined loss by reason of lack of a right of access, rights to liens for services, labor or material, encroachments, zoning and restrictions violations, and surface entry for mineral development.

CLTA Form 126.2

Provides coverage for insured CLTA fee owner of a residential condominium against defined loss concerning the separate assessment of taxes, lack of a right of access, rights to liens for services, labor or material, encroachments, zoning and restrictions violations, and surface entry for mineral development.





Endorsements – MOBILE HOMES & MANUFACTURED HOUSING UNITS

CLTA Form 116.5 (ALTA FORM 7)

Provides insured ALTA lender with insurance that the term land as defined in the policy includes the manufactured housing unit located on the land at Date of Policy.

CLTA Form 116.6

Provides insured ALTA lender with insurance that the manufactured housing unit described in the endorsement is included within the term land when used in the policy. This endorsement requires that a description of the manufactured housing unit be set forth in the endorsement.

Endorsements – STATE OF CALIFORNIA

CLTA Form 106

Provides State of California with insurance concerning the release or relinquishment of access rights, by deed or other voluntary conveyance, with respect to the grantor's remaining land in the event a portion of the land has been conveyed for a freeway or limited access highway.

CLTA Form 106C

Provides State of California with insurance concerning the elimination of access rights, by condemnation, with respect to an owners remaining land in the event a portion of that land has been condemned for a freeway or limited access highway.

CLTA Form 106.1

Provides State of California with insurance concerning the release or relinquishment of access rights only, by deed or other voluntary conveyance, with respect to land abutting a freeway or limited access highway.

CLTA Form 106.1C

Provides State of California with insurances concerning the elimination of access rights only, by condemnation, with respect to land abutting a freeway or limited access highway.

CLTA Form 106.2

Provides State of California with insurance concerning the release or relinquishment of access rights only, by deed or other voluntary conveyance, with respect to the grantor s remaining land if a portion of the land has been conveyed for a freeway or limited access highway, and with respect to other land abutting such freeway or limited access highway.

Endorsements – STREETS

CLTA Form 103.4

Provides insured owner or lender with insurance that an insured easement affords ingress and egress to and from a specified public street.

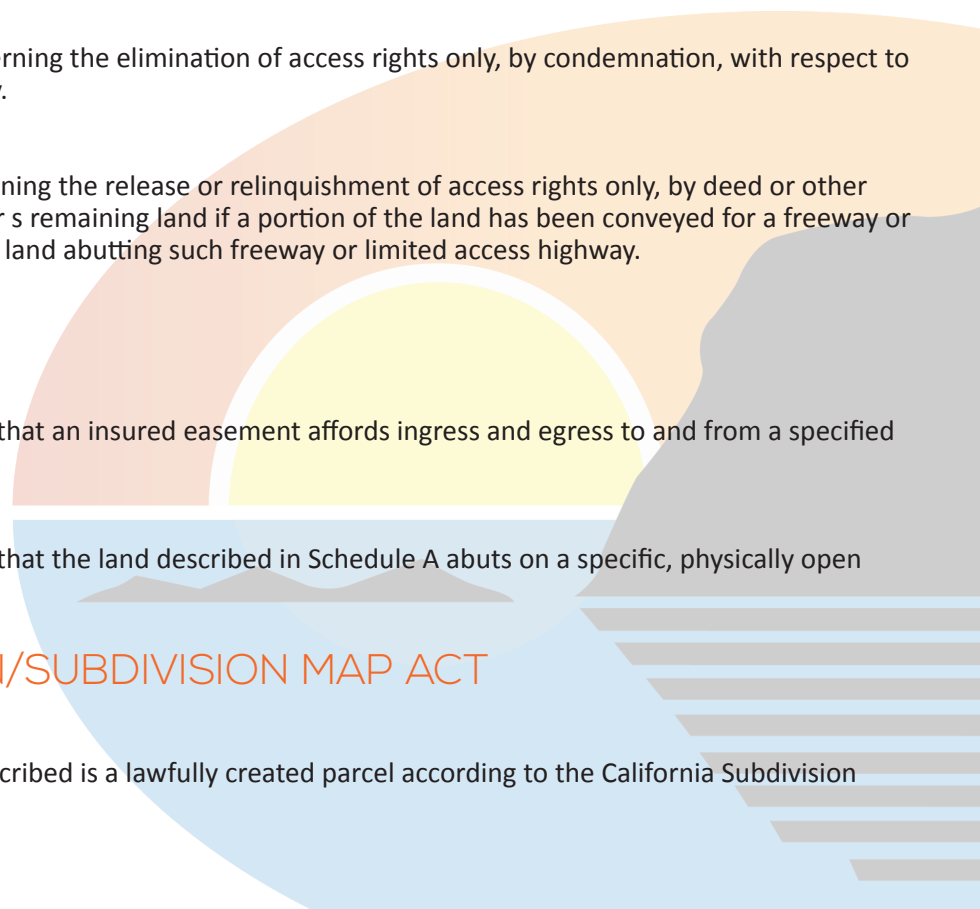
CLTA Form 103.7

Provides insured owner or lender with insurance that the land described in Schedule A abuts on a specific, physically open public street.

Endorsements – SUBDIVISION/SUBDIVISION MAP ACT

CLTA Form 116.7

Provides insured with insurance that the land described is a lawfully created parcel according to the California Subdivision Map Act and local ordinances adopted thereto.



Endorsements – SURFACE

CLTA Form 103.10

Provides insured owner or lender with coverage against loss by reason of the use of the surface of the land by the owners of land below the surface

Endorsements – SURFACE ENTRY

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.2 (ALTA FORM 9)

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.23

Provides insured ALTA lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals leased under an oil and gas lease.

CLTA Form 100.24

Provides insured ALTA lender with insurance that lessee under mineral lease does not have any right to enter on or use the surface of the land.

CLTA Form 100.26

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under an FHA project, resulting from the exercise of surface or subsurface rights for the extraction or development of minerals excepted from the description of the land.

CLTA Form 100.29

Provides insured owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of minerals excepted from the description of the land or shown as a reservation in Schedule B.

CLTA Form 103.5

Provides insured extended coverage owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

CLTA Form 103.8

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under FHA project, resulting from the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

CLTA Form 110.3

Provides insured owner or lender with insurance that mineral owner has relinquished right of surface entry.

CLTA Form 116

Provides insured ALTA lender with insurances concerning the street address of designated improvements on the land; and, with respect to the sufficiency of the policy plat to show the record location and dimensions of that land.

CLTA Form 116.1

Provides insured lender with insurance that the land described in the policy is the same as that delineated on plat of a survey attached to and made a part of the policy.

CLTA Form 116.2

Provides insured ALTA lender with insurance concerning the street address of designated separately owned elements comprising part of the insured condominium; and, with respect to the sufficiency of the referenced map or plan to show the exterior boundary of the condominium project as a whole.

CLTA Form 116.3

Provides insured owner or lender with insurance that the land described in the policy now constitutes all or part of a later subdivision of the land.

Endorsements – TAXES

CLTA Form 115

Provides insured lender with insurance that the estate or interest covered by the policy is a condominium, in fee, and is entitled to be assessed and taxed as a separate parcel.

CLTA Form 115.1 (ALTA FORM 4)

Provides coverage for an insured ALTA lender against loss concerning statutory compliance, violations of CC&R's, homeowners association charges and assessments, the separate assessment of real property taxes, encroachments and the exercise of a right of first refusal to purchase, all with respect to a condominium unit within a condominium project

CLTA Form 129 (Single Tax Parcel)

Provides insured with coverage against loss sustained by reason of the land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate tax purposes.

CLTA Form 129.1 (Multiple Tax Parcel)

Provides insured with coverage against loss sustained by reason of those portions of the identified land not being assessed for real estate tax purposes under the certain tax identification numbers or those certain tax identification numbers including any additional property. Also provides the insured with coverage against loss sustained by reason of the easements, if any, described in Schedule A being cut off or disturbed by the non-payment of real estate taxes or assessments imposed on the servient estate by a governmental authority.

CLTA Form 104.8

Provides assignee of the ALTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; (b) subsisting real property tax or assessment liens; (c) matters affecting the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting the estate or interest covered by the policy.

CLTA Form 104.9

Provides assignee of the CLTA insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; (b) subsisting real property tax or assessment liens; (c) matters shown by the public records which affect the validity or priority of the insured mortgage; and (d) federal tax liens or bankruptcy proceedings affecting the estate or interest covered by the policy.

CLTA Form 104.10

Provides assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee, with qualifications; and (b) full or partial reconveyance, modification or subordination of the insured mortgage.

CLTA Form 104.11

Provides collateral assignee of the insured mortgage with insurance concerning (a) validity of the recorded assignment to evidence transfer of the entire beneficial interest to the named insured assignee as collateral security, with qualifications; and (b) full or partial reconveyances, modification or subordination of the insured mortgage.

Endorsements – TRUST DEEDS

CLTA Form 105

Modifies ALTA Loan or Leasehold Loan Policy provisions to accommodate insurance of the liens of two mortgages under a single policy.

CLTA Form 105.1

Modifies CLTA Standard Coverage Policy provisions to accommodate insurance of the liens of two mortgages under a single policy.

CLTA Form 105.1

Modifies CLTA Standard Coverage Policy provisions to accommodate insurance of the liens of two mortgages under a single policy.

CLTA Form 107.11

Provides insured ALTA lender with coverage against loss by reason of invalidity or unenforceability of the insured mortgage following ostensible merger of the beneficial interest evidenced by the deed of trust with title formerly vested in the trustor named in the deed of trust through insured ALTA lender's acquisition of an interest in the title.'

CLTA Form 108.7

Provides insured CLTA lender with coverage against loss concerning vesting of title, subsistence and priority of insured mortgage lien insofar as same secures an additional (optional) advance, and increases policy liability by the amount of the advance.

CLTA Form 108.8

Provides insured ALTA lender with coverage against loss concerning vesting of title, subsistence and priority of insured mortgage lien insofar as same secures an additional (optional) advance and increases policy liability by the amount of the advance.

CLTA Form 111.10 (Optional Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement. Except as to intervening matters of which the insured has actual knowledge.

CLTA Form 110.4

Provides insured ALTA lender with insurance concerning proper modification of the insured mortgage.

CLTA Form 110.5

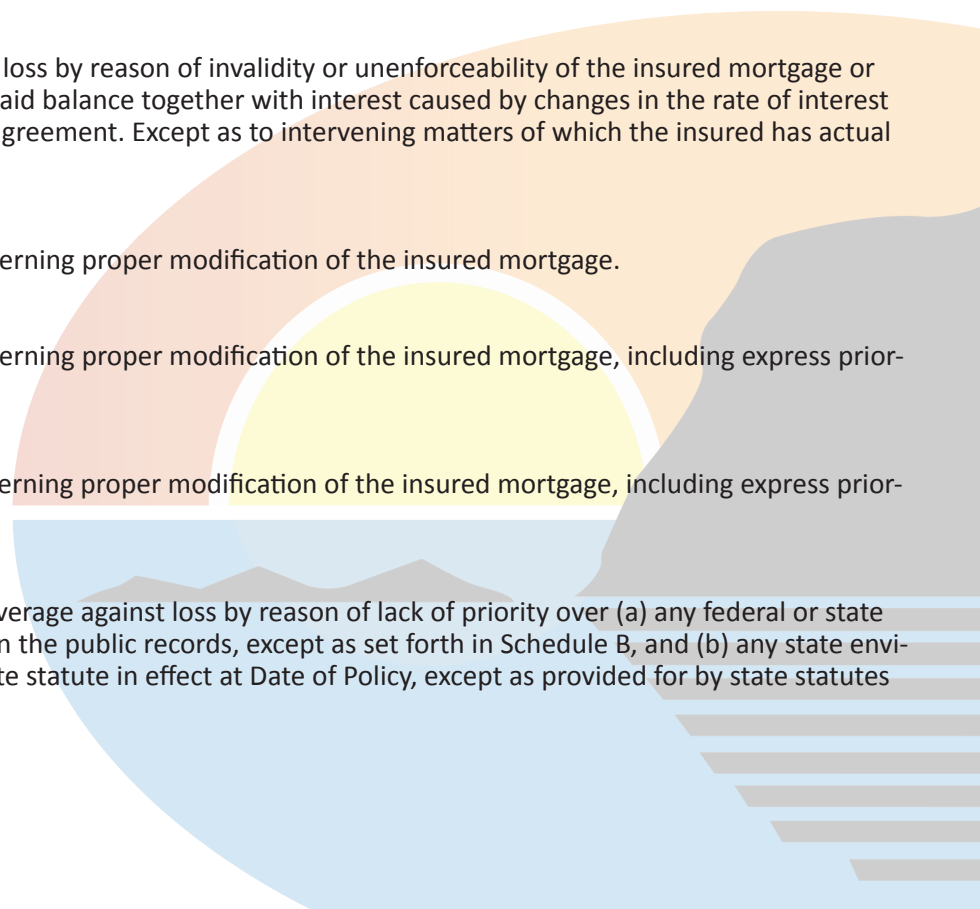
Provides insured ALTA lender with insurance concerning proper modification of the insured mortgage, including express priority coverage.

CLTA Form 110.6

Provides insured CLTA lender with insurance concerning proper modification of the insured mortgage, including express priority coverage.

CLTA Form 110.9

Provides insured ALTA commercial lender with coverage against loss by reason of lack of priority over (a) any federal or state environmental protection lien which is recorded in the public records, except as set forth in Schedule B, and (b) any state environmental protection lien provided for by any state statute in effect at Date of Policy, except as provided for by state statutes specified in the endorsement.



Endorsements – TRUST DEEDS

CLTA Form 111

Provides insured lender with coverage against loss by reason of loss of mortgage lien priority on the remaining land occasioned by a partial reconveyance.

CLTA Form 111.1

Provides insured lender with insurance that policy liability for loss has not been reduced by reason of a partial reconveyance, except to the extent of any consideration received for the partial reconveyance.

CLTA Form 111.2

Provides insured lender with coverage against loss by reason of any impairment of the lien of the insured mortgage on the land occasioned by a subordination agreement.

CLTA Form 111.3

Provides insured lender with coverage against loss by reason of (a) any impairment of the lien of the insured mortgage on the remaining land occasioned by a partial reconveyance, and (b) with insurances concerning encroachments and the designation of improvements on the remaining land.

CLTA Form 111.4

Provides insured ALTA lender and HUD with insurances as to the continued validity and priority of the insured mortgage following the trustor's conveyance of title if, in return for the assumption of the indebtedness by the purchaser, the original trustor is released from liability for payment of the mortgage.

CLTA Form 111.5 (ALTA FORM 6)

Provides insured ALTA variable rate mortgage lender with coverage against loss by reason of (1) invalidity or unenforceability of the insured mortgage resulting from terms therein providing for changes in the rate of interest, or (2) loss of priority of the insured mortgage lien caused by the changes in the rate of interest

CLTA Form 111.6

Provides insured ALTA variable rate mortgage lender with coverage against loss by reason of (1) invalidity or unenforceability of the insured mortgage resulting from terms therein providing for changes in the rate of interest, or (2) loss of priority of the insured mortgage lien caused by the changes in the rate of interest, which coverage is conditioned on compliance with specified statutes or regulations concerning variable rate mortgages.

CLTA Form 111.7

Provides insured ALTA variable rate mortgage lender with coverage against loss by reason of (1) invalidity or unenforceability of the insured mortgage resulting from terms therein providing for the renewal of the mortgage or changes in the rate of interest or (2) loss of priority of the insured mortgage lien caused by the renewal of the mortgage or changes in the rate of interest.

CLTA Form 111.8 (ALTA FORM 6.2)

Provides insured ALTA variable rate mortgage lender with coverage against changes in the rate of interest, the addition of unpaid interest to principal and/or interest on interest, or (2) loss of priority of the insured mortgage lien caused by the changes in the rate of interest unpaid interest added to principal and/or interest on interest

Endorsements – TRUST DEEDS

CLTA Form 112

Amends CLTA Conditions and Stipulations to provide coverage for bondholders if the insured mortgage is a trust indenture securing bonds.

CLTA Form 112.1

1Amends ALTA Conditions and Stipulations to provide coverage for bondholders if the insured mortgage is a trust indenture securing bonds.

CLTA Form 119.3

Provides insured ALTA lender with insurance as to the priority of an existing lease to which the insured mortgage is subject in priority of lien situations. (Relative priority among purchase money deed of trust, lease, and permanent financing deed of trust is questionable.)

CLTA Form 120.2

Provides insured oil and gas lessee with insurance that deed of trust on fee estate executed prior to oil and gas lease has since been subordinated to the oil and gas lease.

CLTA Form 111.11 (Obligatory Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement.

CLTA Form 122

Provides insured ALTA lender with insurance concerning obligatory advance made under the insured mortgage; liability limited to face amount of policy.

CLTA Form 122.2

Provides insured ALTA lender with insurance concerning obligatory advance made under the insured mortgage; liability increased by amount of advance.

Endorsements – UNMARKETABILITY

CLTA Form 100

Provides comprehensive coverage for insured ALTA lender against loss by reason of present or future CC&R's violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.1

Provides comprehensive coverage for insured lender under a CLTA Standard Coverage Policy against loss by reason of present or future CC&R violations, the encroachment of improvements, or by reason of surface entry for mineral development.

CLTA Form 100.18

Provides insured lender with coverage against loss by reason of the exercise or attempted exercise of reverter rights found in the CC&R's

CLTA Form 100.27

Provides insured ALTA lender with coverage against loss of mortgage lien or title after foreclosure, or unmarketability of title, resulting from any present violation of CC&R's.

CLTA Form 125

Provides coverage for the insured ALTA lender against loss by reason of a judicial determination that (a) the insured mortgage lien (or the lender's title after foreclosure) has been defeated by a valid exercise of the right of rescission conferred by the federal Truth in Lending Act, and that (b) such right of rescission existed because neither the loan transaction nor the right of rescission thereof was exempted or excepted by the provisions of Regulation Z.



CLTA Form 108.10

Provides insured line of credit lender with coverage against defined loss connected with (1) vesting of title and (2) continued priority of the insured mortgage insofar as that mortgage secures an increased line of credit. This endorsement also increases the existing lender's policy liability by the amount of the increased credit limit.

CLTA Form 111.10 (Optional Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement. Except as to intervening matters of which the insured has actual knowledge.

CLTA Form 111.11 (Obligatory Advance)

Provides insured lender with coverage against (1) loss by reason of invalidity or unenforceability of the insured mortgage or of (2) loss of priority of said mortgage for the unpaid balance together with interest caused by changes in the rate of interest in accordance with the terms of a specified loan agreement.

Endorsements – WATER

CLTA Form 103.5

Provides insured extended coverage owner or lender with coverage against loss by reason of the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

CLTA Form 103.8

Provides insured ALTA lender with coverage against loss by reason of damage to proposed or completed improvements under FHA project, resulting from the exercise of surface rights for the extraction or development of water excepted from the description or shown as a reservation in Schedule B.

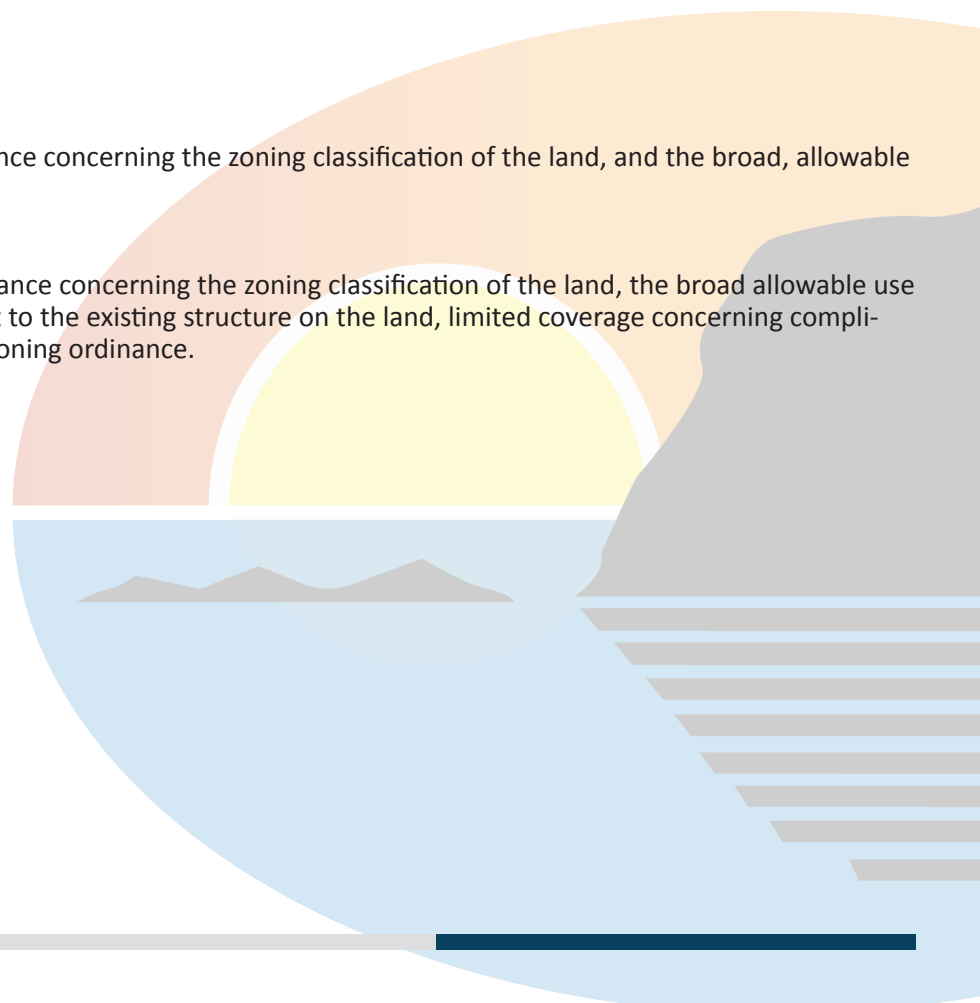
Endorsements – ZONING

CLTA Form 123.1 (ALTA FORM 3)

Provides insured ALTA owner or lender with insurance concerning the zoning classification of the land, and the broad, allowable use or uses under that classification.

CLTA Form 123.2 (ALTA FORM 3.1)

Provides insured ALTA owner or lender with insurance concerning the zoning classification of the land, the broad allowable use or uses under that classification and, with respect to the existing structure on the land, limited coverage concerning compliance with applicable provision of the applicable zoning ordinance.



Glossary of Common Terms

These definitions are to acquaint you with terms commonly used in Real Estate transactions. These are intended to be general and brief and are not complete and wholly accurate when applied to all possible uses of the term. Please consult your Real Estate Agent for more information or questions regarding these terms.

Acceleration Clause: A clause in a Deed of Trust or Note that accelerates or hastens the time when the debt becomes due. For example, most Deeds of Trust of loans contain a provision that the Note shall become due immediately upon the sale of transfer of title of the loan, or upon failure to pay an installment of principal or interest. This is also called a “due on sale clause”.

Access Right: The right of a landowner to have “ingress to” and “egress from” privileges and right of way from his/her property to a public street.

Acre: A measurement of land; 160 rods/ 4,840 square yards 43, 560 square feet / or 208.71 linear feet square.

Adjoining Owners: Owners of two or more properties which are adjacent or contiguous to one another.

Adjustable Rate Mortgage: A mortgage instrument with an interest rate that is periodically adjusted to follow a pre-selected published index. The interest rate is adjusted at certain intervals during the loan period.

Administrator: A person who has been appointed (by the court) to handle the affairs of an estate for a person who died intestate (without a will).

Agency: Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, powers of attorney, etc.

ALTA: Abbreviation for the American Land Title Association.

Amortization: Payment of debt in regular, periodic installments of principal and interest, as opposed to interest only payments.

And When Recorded Mail To: After recording, the document will be mailed by the county to the addressee shown.

Appraisal: An opinion of value based on factual analysis. Legally, an estimation of value by two discriminated persons of suitable qualifications.

Appurtenance: Anything incidental to, belonging to, or attached to land and therefore considered a part of the property (be it real property or a burden such as a covenant or an easement).

APR (Annual Percentage Rate): The yearly interest percentage of a loan, as expressed by the actual rate of interest paid. The APR is disclosed as a requirement of Federal Truth in Lending Statutes.

Assessed Value : Value placed upon property for property tax purposes by the Tax Collector.

Assessment: A levy against property in addition to general taxes. Usually for improvements such as streets, sewers, etc.

Assumption Agreement: An agreement to assume or take responsibility for a debt or obligation which was contracted originally by another person.

Assumption of Mortgage: Agreement by a buyer to assume the liability under an existing note secured by a mortgage or Deed of Trust. The lender usually must approve the new debtor in order to release the existing debtor (usually the seller) for liability.

Balloon Note: A note calling for periodic payments which are insufficient to fully amortize the face amount of the note prior to maturity, so that a principal sum known as a “balloon” is due at maturity.

Glossary of Common Terms

Bankruptcy: A legal process in the U.S. District Court wherein assets of the debtor are liquidated to pay off the claims of his/her creditors.

Beneficiary: One for whose benefit a trust is created. In states in which Deeds of Trust are commonly used instead of mortgages, the lender (mortgagee) is called the beneficiary.

Bill of Sale: A written instrument that transfers title of personal property from one person to another.

Borrower: One who borrows funds, with the express or implied intention of repaying the loan in full, or giving the equivalent.

Breach of Contract: Failure to perform a contract, in whole or in part, without legal excuse.

Broker, Real Estate: One who is licensed by the state to carry on the business of dealing in real estate. A broker may receive a commission for his/her part in bringing together a buyer and seller, landlord and tenant, or parties to an exchange.

Building Code: A set of regulations setting forth minimal building construction standards in a city, county or state. Building

Building Contract: An agreement for the construction or improvement of a structure.

Building Lines: Imaginary lines established by ordinances or by statute beyond which the building of structures is not permitted; also known as "setback lines".

Building Restrictions: Zoning ordinances and regulatory laws which require that construction be protective of people's health and safety.

Bulk Sales Acts: Statutes designed to prevent the secret sale (in bulk) of substantially all the merchant's stock of goods and, therefore, a protection for the merchant's creditors.

Buy Down: A fixed rate loan where the interest rate and payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.

Cal-Vet Loans: Real estate loans available to Armed Forces Veterans from California, at low interest rates.

Chain of Title: The chronological order of conveyances of a parcel of land from the original owner to the present owner.

Chattel: Any tangible, movable, personal property article.

Clear Title: Real property against which there are no liens, especially involuntary liens, and mortgages.

Closing: In real estate sales, the final procedure in which documents are executed and/or recorded, and the sale (or loan) is completed.

Closing Costs: Expenses incidental to a sale of real estate, such as loan fees, appraisal fees, etc.

Closing Statement: The statement which lists the financial settlement between buyer and seller, and the costs each must pay.

Cloud on Title: An invalid encumbrance on real property, which, if valid, would affect the rights of the owner. For example: (A) sells lot 1, tract 1, to (B). The deed is mistakenly drawn to read Lot 2, tract 1. A cloud is created on lot 2 by the recording of the erroneous deed. The cloud may be removed by quitclaim deed, or if necessary, by court action.

Commercial Acre: In land development terms, it is that net portion of any acre remaining after deducting areas devoted to streets, sidewalks, etc.

Commitment: Something given in trust, a pledge, promise, a firm agreement. A title insurer's contractual obligation to insure title to real property.

Community Home Buyers' Program: A fixed rate loan with a low 3 to 5% down payment, no cash reserve requirement, and easier qualifying ratios. Subject to borrower meeting income limits and attendance of a 4 hour training course on home ownership.

Glossary of Common Terms

Community Property: Property acquired after marriage by either party (husband or wife), other than by gift, or by inheritance.

Completion Bond: A bond posted by a contractor as a guarantee that he/she will satisfactorily complete a project and it will be free of any liens.

Condemnation: Under the laws of eminent domain, a municipality takes over private property for public use. Also: results of official determination that then building is unfit for human habitation.

Egress: The means of exiting from a property.

Eminent Domain: The legal right and procedure for a municipality to take title and possession of private property for public use.

Encumbrance: A claim, lien, charge, or liability attached to and binding real property. Any right to, or interest in, land which may exist in one other than the owner, but which will not prevent the transfer of fee title.

Endorsement: The placing of a signature on the back of a check, bill or promissory note, in order to transfer to another property, the value represented on the face of the instrument. Also, a title insurance policy rider.

Equity: The market value of real property, less the amount of existing liens.

Escrow: A transaction wherein an impartial third party (escrow agent) acts as an agent to both parties (seller/buyer-lender/borrower) acting only under instructions in delivering paper, drawing and/or recording documents and disbursing funds.

Estate: The degree, quality, nature, and extent of a person's interest and/or ownership in real property.

Estoppel: A bar (preclusion) which prevents a person from denying the truth of a fact (or an action of a right) which has already become settled in judicial proceedings.

Exception: Allowance for a deduction, subtraction, or exclusion from the main body or group.

Exchange Agreement: A contract for the exchanging of title and equity positions in properties; as compared to selling and buying.

Execute: To put into effect; carry out. To make valid, as by signing a deed.

Fair Credit Reporting Act: A Federal law giving one the right to see his/her credit report so that errors may be corrected. A lender refusing credit based on a credit report must inform the buyer which company issued the report. The buyer may see the report without charge if refused credit.

Federal Home Loan Banks: A system of 11 regional banks established by the Home Loan Bank Act of 1932 in order to keep a permanent supply of money available for home financing.

Fee Simple: An estate under which the owner is entitled to unrestricted powers to dispose of the property, and which can be left by will or inherited. Commonly, a synonym for ownership.

F.H.A. (Federal Housing Administration): A Federal Agency which insures first mortgages, enabling lenders to loan a very high percentage of the sale price.

FHLMC (Freddie Mac): Federal Home Loan Mortgage Corporation. A Federal Agency purchasing first mortgages, both conventional and federal insured, from members of the Federal Reserve System and the Federal Home Loan Bank System.

Financing Statement: A personal property security instrument which replaced the chattel mortgage as a security instrument upon the adoption of the Uniform Commercial Code.

First Mortgage: A mortgage having priority over all other voluntary liens against the property it is liening on. Fixed Rate Mortgage: A mortgage having a rate of interest which remains the same for the life of the mortgage.

Fixed Rate Mortgage: A mortgage having a rate of interest which remains the same for the life of the mortgage.

Glossary of Common Terms

Flood Insurance: Insurance indemnifying banks against loss by flood damage. Required by lenders (usually banks) in areas designated (federally) as potential flood areas. The insurance is private but federally subsidized.

FNMA (Fannie Mae): Federal National Mortgage Association. A private corporation dealing in the purchase of first mortgages, at discounts.

For A Valuable Consideration: A statement which reflects that money or some legal consideration is being given in exchange for the property. (This is a hold-over from earlier times and is no longer in a voluntary conveyance).

Foreclosure: The non-voluntary procedure to sell real property according to the terms and conditions of the Deed of Trust which identified the subject property as security for a lien.

General Partner: The managing partner of a limited partnership or all partners in a general partnership; the one(s) ultimately liable for all obligations of the partnership.

GNMA (Ginnie Mae): Government National Mortgage Association. A Federal Association, working with F.H.A., which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary capacity.

Good Faith: Having good intentions, such as a buyer putting a deposit for a house or when a lender discloses all information/costs to the loan.

Grant Deed: One of the many types of deeds used to transfer real property. Grantee - one to whom a grant is made, generally the buyer. Grantor - one who grants property or property rights.

Gross Income: Total income before any expenses are deducted.

Hazard Insurance: Real estate insurance protecting against loss caused by fire, natural causes, vandalism, etc., depending upon the terms of the policy.

Homeowner's Association: An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. An association formed by the builder of condominiums of planned developments, and required by statute in some states. The builder's participation as well as the duties of the association are controlled by statute.

Homeowner's Insurance: Includes the coverage of Hazard Insurance plus added coverage such as personal liability, theft outside of the home (items stolen from the insured's car), and other such coverage.

HUD: The U.S. Department Housing and Urban Development.

Impound Account: Account held by lender for payment of taxes, insurance, or other periodic debts against real property. The borrower pays a portion of, for example, the yearly taxes, with each monthly payment. The lender pays the tax bill from the accumulated funds.

Income Property: Property owned or purchased for the generation of income.

Index: An index used to adjust the interest rate of an adjustable rate mortgage loan. For example: the change in U.S. Treasury securities (T-bills) with a 1 year maturity. The weekly average yield on securities, adjusted to a constant maturity of one year, which is the result of weekly sales, may be obtained weekly. This change in interest rates is the "index" for the change in the specific adjustable rate mortgage.

In Fee: Fee simple estate; absolute ownership in an estate in land.

Ingress and Egress: The entering upon and departure from; such as a landowner's physical right to enter and exit onto a public street; also contractual, such as the right of a lessee to enter and leave a leasehold.

Instrument: A legal document, such as a deed, mortgage, will, lease, etc.

Interest Rate: The percentage of an amount of money which is paid in order to borrow money for a specified amount of time.

Interest Rate Cap: The maximum interest rate increase of an adjustable rate loan. For example: 6% loan with a 5% interest rate cap would have a maximum interest for the life of the loan which would not exceed 11%.

Glossary of Common Terms

Investment: The amount of money put into property with the expectation of making a profit.

Joint Tenancy: An undivided interest in property, taken by two or more joint tenants. The interests must be equal, occurring under the same conveyance, and beginning at the same time. Upon the death of a joint tenant, the interest passes to the surviving joint tenants, rather than to the heirs of the deceased.

Late Charge: A charge to the borrower for failure to pay an installment payment on time.

Lease: An agreement by which an owner of real property gives the right of possession to another for a specified period of time and for a specified consideration (rent). Title does not pass.

Leaseback: A sale arrangement wherein the buyer leases the property back to the seller.

Leasehold: The lessee's estate in real property which was created by virtue of the lease agreement.

Lease Option: A lease allowing the tenant the right to buy the property if and when certain conditions are met.

Legal Description: A method of geographically identifying a parcel of land, which is acceptable in a court of law. A description of a parcel of land sufficient to identify the property such as a lot and tract number.

Lessee: The person acquiring possession of real property by virtue of the lease agreement which creates a leasehold estate for the lessee.

Lessor: One who grants a lease and the exclusive right of possession of real property to another, subject only to the rights expressly retained by the lessor in the agreement.

Lien: An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but all encumbrances are not liens.

Limited Partnership: A partnership arrangement in which the limited partners have a limited investment, limited liability and no management controls. -

Lis Pendens: A legal notice recorded to show pending litigation relating to real property, and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.

Living Trust: A trust which is operative during the lifetime of the person creating it.

Legal Description: Legally describes the real property or interest being conveyed. Usually accomplished by lot/tract, metes and bounds, or U.S. Government Survey type of legal description.

Lien: A charge, hold or claim of another for the purpose of securing a debt or obligation.

Loan Origination Fee: A one time set up fee charged by a lender.

Loan Package: The file of all items necessary for the lender to decide to give or not to give a loan. These items would include the information on the prospective borrower (loan application, credit report, financial statement, employment letters, etc.) and information on the property (appraisal, survey, etc.).

Lot Split: The legal division or splitting of a single parcel of land into numerous legal parcels.

Maintenance: The on-going painting, cleaning, and repair work done to property and equipment to keep productive, useful and in good repair.

Maintenance Reserve: Money reserved to cover anticipated maintenance costs.

Maker: One who executes (signs) as the maker (borrower) of a note.

Map Act: The Subdivision Map Act which set forth the guidelines and regulations for the subdivision of land.

Marketability: Saleability. The probability of selling property at a specific time, price and terms.

Marketable Title: Title which can be readily marketed (sold) to a reasonably prudent purchaser aware of the facts and their legal meaning concerning liens and encumbrances.

Glossary of Common Terms

Market Price: The price a property brings in a given market. Commonly used interchangeably with market value, although not truly the same.

Material Fact: A fact upon which an agreement is based, and without which, said agreement would not be made.

Maturity: Termination period of a note. For example: A 30 year mortgage has a maturity of 30 years.

Mechanic's Lien: A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.

Moisture Barrier: Insulating materials used to prevent the build up of moisture (condensation) in walls and other parts of a building.

Mortgage: The party lending the money and receiving the mortgage. Some states treat the mortgagee as the "legal" owner, entitled to rents from the property. Other states treat the mortgage as a secured creditor, the mortgagor being the owner. The latter is the more modern and accepted view.

Mortgage Credit Certificate (MCC) Program: A first time home buyer program subject to purchase price and income limits and limited to certain counties. The MCC program is actually a special tax credit and assists buyers in qualifying on almost any loan program.

Mortgage Insurance: Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal Government writes this form of insurance through the FHA and VA.

Mortgagor: The party who borrows the money and gives the mortgage.

Multiple Listing: An exclusive listing, submitted to all members of an association, so that each may have an opportunity to sell the property.

Net Income: The amount of money from income property which remains after expenses and charges have been deducted.

Net Lease: A lease that requires the tenant to pay all the costs of maintaining the building, including the payment, taxes, insurance, repairs and other expenses normally paid by the owner.

Net Worth: That which remains after subtracting liabilities from assets.

Note: A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, or order, or bearer, a definite sum of money at a specified date or on demand. It usually provides for interest and is generally secured by mortgage or trust deed.

Notice of Action: A recorded notice that real property may be subject to a lien, or even that the title is defective, due to pending litigation. Notice of a pending suit, also called "Lis Pendens".

Notice of Cessation: A notice stating that work has stopped on a construction project. Done to accelerate the period of filing a mechanic's lien.

Notice of Completion: A notice, recorded to show that a construction job is finished. The length of time in which mechanic's liens may be filed depends upon when and if a notice of completion is recorded.

Notice of Default: A notice filed to show that the borrower under a mortgage or Deed of Trust is in default (behind on the payments).

Offer: A presentation or proposal for acceptance, in order to form a contract. To be legally binding, an offer must be definite as to price and terms.

Origination Fee: A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

Owner Occupied: Property physically occupied by the owner.

Ownership: Rights to the use, enjoyment, and alienation of property, to the exclusion of others. Concerning real property, absolute rights are rare, being restricted by zoning laws, restrictions, liens, etc.

Glossary of Common Terms

Payment Cap: A maximum amount for a payment under an Adjustable Mortgage Loan, regardless of the increase in the interest rate. If the payment is less than the interest alone, negative amortization is created.

Payoff: The payment in full of an existing loan or other lien.

Personal Property: Any property which is not designated by law as real property.

Piggyback Loan: A loan made jointly by two or more lenders on the same property under one mortgage or trust deed. One 90% loan, for example, may have one lender loaning 80% and another (subordinate) lender loaning the top 10% (high risk portion).

PITI(Principal, Interest, Taxes and Insurance): Used to indicate what is included in a monthly payment on real property. Principal, interest, taxes (property) and insurance (hazard) are the four major portions of a usual monthly payment.

Policy of Title Insurance: A contract indemnifying against loss resulting from a defect in title or outstanding lien on the property insured.

Power of Attorney: An authority by which one person (principal) enables another (attorney-in-fact) to act for him or her. General power authorizes sale, mortgaging, etc., of all property of the principal. Invalid in some jurisdictions. (2) Special power specifies property, buyers, price and terms. How specific it must be varies in each state.

Preliminary Report: A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued

Prepaid Items: Those expenses of property which are paid in advance and will usually be prorated upon sale, such as taxes insurance, rent, etc.

Prepayment Penalty: A penalty under a note, mortgage, or Deed of Trust, imposed when the loan is paid before it is due.

Principal: (1) The person who gives authority to an agent or attorney. (2) Amount of debt, not including interest. The faces of a note, mortgage, etc.

Private Mortgage Insurance: Insurance against a loss by a lender in the event of default by a borrower (mortgagor). The insurance is similar to insurance by a government agency such as FHA, except that it is issued by a private insurance company. The premium is paid by the borrower and is included in the mortgage payment.

Promisee: One to whom a promise has been made, such as the lender under a promissory note.

Promisor: One who makes a promise. The borrower under a promissory note.

Promissory Note: A Promise in writing, and executed by the maker, to pay a specified amount during a limited time, or on demand, or at sight, to a named person, or on order, or to bearer.

Proration: To divide (prorate) property taxes, insurance premiums, rental income, etc., between buyer and seller proportionately to time of use, or the date of closing.

Public Domain: All federal government owned land which is subject to the general land laws.

Public Records: Usually at a county level, the records of all documents which are necessary to give notice. The records are available to the public. All transactions for real estate should be recorded.

Public Report: Subdivision: A report (prepared by the Real Estate Commissioner on the details of a new subdivision) which must be given to each buyer in a new subdivision.

Purchase Agreement: An agreement between a buyer and seller of real property, setting forth the price and terms of the

Quitclaim Deed: A deed operating as a release: intended to pass any title, interest, or claim which the grantor may have in property, but not containing any warranty of a valid interest or title in the grantor.

Glossary of Common Terms

Real Estate: (1) Land and anything permanently affixed to the land, such as buildings, fences, and those things attached to buildings, such as light fixtures, plumbing and heating fixtures, or other such items which would be personal property if not attached. The term is generally synonymous with real property, although in some states a fine distinction may be made. (2) May refer to rights in real property as well as the property itself.

Reconveyance: An instrument used to transfer title from a trustee to the equitable owner of real estate, when title is held as collateral security for a debt. Most commonly used upon payment in full of a trust deed. Also called a deed of reconveyance or release.

Recording: Filing documents affecting real property as a matter of public record, giving notice to future purchasers, creditors, or their interested parties. Recording is controlled by statute and usually requires the witnessing and notarizing of an instrument to be recorded.

Recording Fee: The amount paid to the recorder's office in order to make a document a matter of public record.

Rent: Income received for the use of property.

RESPA: Real Estate Settlement Procedures Act. A Federal statute effective June 20, 1975, requiring disclosure of certain costs in the sale of residential (one to four family) improved property which is to be financed by a Federally insured lender.

Right of Survivorship: The right of a survivor of deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

Right of Way: A right granted by an owner (to another person) to pass over or through the owner's land.

Sales Contract: Another name for a sales agreement; purchase agreement, etc.

Seal: An embossed or stamped impression made to authenticate a document or attest to a signature.

Second Mortgage: A mortgage which ranks after a first mortgage in priority. Properties may have two, three, or more mortgages, Deeds of Trust, or land contracts, as liens at the same time. Legal priority would determine whether they are called a first, second, third, etc. lien.

Septic System: A sewage system, whereby waste is drained through pipes and a tile field (a system of clay tiles and gravel into a septic tank. Found in areas where city or county sewers have not yet been installed.

Septic Tank: An underground tank into which a sanitary sewer drains from a building. The sewage is held until bacterial action changes the solids into liquids or gasses, which are then released in the ground.

Servient Tenement: The estate burdened with an easement.

Set-Back Line: A line established by a zoning regulation prohibiting any building beyond a prescribed distance from the edge of a property.

Simple Interest: Interest computed on principal alone, as opposed to compound interest.

Special Assignment: Lien assessed against real property by a public authority to pay costs of public improvements (sidewalks, sewers, street lights, etc.) which directly benefits the assessed property.

Specific Performance: An action to compel the performance of a contract, when money damages for breach would not be satisfactory.

Statement of Identity: Also called Statement of Information, a confidential form filled out by buyer and seller to help a title company determine if any liens are recorded against either. Very helpful when people with common names are involved.

Statute: A law which comes from a legislative body. A written law, rather than law established by court cases.

Subcontractor: An individual or contracting firm agreeing to perform all or part of a principle or general contract; someone hired by the general contractor on an independent contractor basis.

Subordinate: To make subject to or junior to.

Subdivision: The division of a single parcel of land into four or more separate parcels.

Sublease: A lease, junior to the shorter than the original lease, made by the original lessee to a new lessee.

Glossary of Common Terms

Succession: The passing of real property by will or inheritance, rather than by grant or deed or any other form of purchase.

Survey: The measurement of the boundaries of a parcel of land; its area and sometime topography.

Take-Out-Loan: The “permanent” (long term) financing of real estate after the completion of construction.

Tax Base: The assessed valuation of real property, which is multiplied by the tax rate to determine the amount of tax due.

Tax Lien: (1) A lien for nonpayment of property taxes. Attaches only to the property upon which the taxes are unpaid. (2) A federal or income tax lien. May attach to all property of the one owing taxes.

Tenancy in Common: An undivided ownership in real estate by two or more persons. The interest need not be equal, and in the event of death of one or more owners, no right of survivorship in the other owners exists.

Tenant: A holder of property under a lease or rental agreement. Originally, one who had the right to possession, irrespective to the title interest.

Terms: The consideration, other than price, in a sale, lease mortgages, etc. For example: the way the money will be paid, time to take possession, conditions, etc.

“Time Is Of The Essence”: Clause used in contracts to bind one party to performance at or by a specific time in order to bind the other party to performance.

Title: The evidence one has the right to possession of land.

Title Policy: An insurance policy or contract indemnifying against loss resulting from a defect in the title to the interest, or lien, in the real property thus insured.

Topography: The contour of land surface, such as flat rolling, mountainous, etc.

Township: In the U.S. Government Survey, a plot of land six miles square, containing 36 sections; also a unit of local government.

Transfer: The act by which the title to property is conveyed from one person to another.

Transfer Tax: State tax on the transfer of real property. Based on the purchase price or money changing hands. Also called Documentary Transfer Tax.

Trust: A fiduciary relationship under which one holds property (real or personal) for the benefit of another. The party creating the trust is called the settler, the party holding the property is the trustee, and the party for whose benefit the property is held is called the beneficiary.

Trustee: (1) One who is appointed, or required by law, to execute a trust. (2) One who holds title to real property under the terms of the Deed of Trust.

Trustor: The borrower under a Deed of Trust. One who deeds his or her property to a trustee as security for the repayment of a loan.

Usury: Charging an interest rate higher than allowed by law.

Veterans Administration (VA): An agency of the Federal Government which, among other things, insures and guarantees loans for veterans.

Warrant: To legally assure that title conveyed is good and possession will be undisturbed.

Wrap-Around Mortgage: A second or junior mortgage with a face value of both the amount it secures and the balance due under the first mortgage. The mortgage under the wrap-around collects a payment based on its face value then pays the first mortgage. It is most effective when the first has a lower interest rate than the second, since the mortgagee under the wrap-around gains the difference between the interest rates, or the mortgagor under the wrap-around may obtain a lower rate than refinancing.

Zoning: Governmental regulations controlling the use of property according to specific areas within the community.



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