

# GUIDE TO UNDERSTANDING A PRELIMINARY TITLE REPORT.

PACIFIC COAST TITLE COMPANY

200 W. Glenoaks Blvd, Suite 100 Glendale, CA 91204  
Tel: (866) 724-1050 Fax: (818) 662-6780

## Preliminary Title Report

Escrow Officer Jane Escrow Order Number 999999  
Title Officer Loan Number A123456

To: Success Escrow

Attention: Jane Escrow  
Your Reference: 5849-AE

Property Address: 49854 Success Way, Beverly Hills, CA

EFFECTIVE DATE: May, 2005, 07:45 A.M.

The form of Policy or Policies of title insurance contemplated by this report is:

California Land Title Association Standard Coverage Policy - 1990  
American Land Title Association Loan Policy (10-17-92) with A.L.T.A. Form 1 Coverage

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

A Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:  
Robert M. Sellerperson and Mary K. Sellerperson, husband and wife as joint tenants, at to an undivided 1/2 interest; and John Doe, as Trustee U.D.T. dated January 15, 1980, as to an undivided 1/2 interest

3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF PALM SPRINGS, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

# How To Read a Preliminary Title Report

A Preliminary Title Report (PR) 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 PR are information items that will assist the customer in expediently closing the proposed transaction thus enabling Pacific Coast Title Company to issue its policy(ies) of title insurance.

The PR is issued after a thorough title search has been made on the real property and all the documents affecting said property have been examined to determine their effect on said property. The title search is made of the public record, generally including the following offices: The County Recorder of the county in which the real property is located.

- The taxing authority(ies) that levies(y) taxes and assessments on real property.
- The clerk of 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 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 PR 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 the title order with Pacific Coast Title Company. The numbered items shown on the sample PR.

# Preliminary Report "Top Sheet"

Will any of these situations affect your transaction?

Are your principals exchanging this property?	Yes	No
Will your principals be using a power of attorney?	Yes	No
Are any of the parties in title deceased?	Yes	No
Has there been a change in marital status?	Yes	No
Will there be a new entity formed? ie., partnership or corporation.	Yes	No
Are the sellers of this property non-residents of California?	Yes	No

**If you answered "YES" to any of these questions,  
please call your Escrow Officer.**

Do all parties signing document have valid photo I.D. or drivers license?	Yes	No
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If "No", now is the time to apply for a valid I.D.

This is a "Quick List", call your Escrow Officer if you have additional information that you think maybe important, or if you have any questions.

# Preliminary Report

- 1** 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 of said Policy forms.
- 2** The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. 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 coverage are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.
- 3** 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 Pacific Coast Title Company , a California Corporation.

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

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

# Explanation

- 1** This preprinted paragraph states as of the dated date of the Preliminary Report, that Pacific Coast Title is willing, as of said date, to issue a policy(ies) of title insuranceshowing the items listed in the PR.
- 2** This preprinted paragraph is a statement that in additionto the specific exceptions shown in the PR, the policy(ies), when issued, will contain certain standard preprinted exceptions and exclusions not shown in the PR. Exhibit "A" to which the PR is attached will set out what these exceptions and exclusions will be.
- 3** This preprinted paragraph makes the statement that the PR is not a policy, and therefore no liability is assumed as to its correctness. If liability is required when the order is opened, the costumer should request a Binder or a Commitment rather than a PR.



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## Preliminary Report

**4** Escrow Officer Jane Escrow Order Number 999999  
Title Officer Loan No: A123456 **6**

**5** To: Success Escrow

Attention: Jane Escrow

Your Reference: 5849-AE

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**7** EFFECTIVE DATE: May, 2005, 07:45 A.M.

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Robert M. Sellerperson and Mary K. Sellerperson, husband and wife as joint tenants, at to an undivided 1/2 interest; and John Doe, as Trustee U.D.T. dated January 15, 1980, as to an undivided 1/2 interest

**10** 3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF PALM SPRINGS, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**11** SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

# Exhibit "One"

- 11** Lot 25 of APOLLO UNIT NO. 3, in the City of Palm Springs, County of Riverside, State of California, according to Map thereof No. 7979, filed in Book 123 page 45 of Maps, Records of Riverside County California.

# Explanation

- 4** This is the name of the title officer responsible for processing the order. Any questions regarding any items shown in the PR should be directed to his person. The telephone number of this person can be found to the right of their name. Remember to refer to the order number when calling the Title Officer.
- 5** The information set out here is the name, address, reference number, and contact person of the customer who requested the PR from Pacific Coast Title. If a lender will be tying into the transaction, Pacific Coast Title will furnish that lender a copy of the PR also.
- 6** In this area, a number will appear. This will be the order number that Pacific Coast Title assigned to the transaction when the order was opened by the customer. When directing any questions or correspondence to us, please refer to the order number shown in this space. This will assist us to quickly respond to your inquiry.
- 7** This is the date and time to which the public records have been examined in compiling the PR. Any items or documents recorded on this date or after this date will be reported to the customer by means of a supplemental title report and/or an amended PR.
- 8** This item shows the type, or types of policy(ies) that Pacific Coast Title has been requested to issue one the transaction closes. It is important to remember that some policies, most notably the ALTA, will require that Pacific Coast Title physically inspect the property before issuing such policy(ies). If such a policy will be 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 make the inspections well in advance of the contemplated closing date of the transaction.
- 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 the structures, if any, attached thereto. Other types of estates that could be covered by a PR include "leasehold," "life estate" and easement."
- 10** This shows, as of the date of the PR, the name of the person(s) or entity(ies) who hold title to the estate shown in item "9" above. In most instances this item will show who owns the real property. Also included herein will be the status of the vestee (i.e. single, married, etc.) and the manner in which they hold title (i.e. joint tenants, community property, etc.)
- 11** This is the legal description of the real property for which the PR 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 PR and the documents to be recorded should be discussed with the Title Officer as soon as possible to avoid any delays in the closing of the transaction.



# Items & Exceptions to Coverage

**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 2004-2005.

**14** 2. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2004-2005.

APN: 230-110-023

Default No.:

Default Date: June 30, 2004

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

Amount \$839.30

By September 30, 2004

Amount \$850.54

By October 31, 2004

**15** 3. Supplemental assessment for 2004-2005

Bill 839-012-025-07

1st Installment \$102.50 Unpaid

Must be paid by December 10, 2004

2nd Installment \$102.50 Unpaid

Must be paid by April 10, 2005

**16** 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.

**17** 5. Easement(s) for the purposes(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract.

Purpose: Planting and Maintenance

Affects The Southwesterly 7 Feet

**18** 6. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document

Recorded: January 15, 1974 Instrument No. 74-159206

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

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

# Items & Exceptions Explanation

- 12** Any matter that affects the real property will be shown following this paragraph. These matters, called encumbrances and liens, will also be shown in the policy(ies), to be issued, unless they are paid off and released, or otherwise eliminated, prior to or concurrently with the issuance of said policy(ies). The usual matters shown here would be taxes, easements, covenants, conditions, restrictions, deeds of trust, money liens and judgements.
- 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 in the PR because taxes have priority over all other matters. This item means that the property taxes for the fiscal year of July 1st to the following June 30th actually become a lien on January 1st preceding 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 PR dated between January 1st and November 1st, the date the first installment of the tax is due and payable.
- 14** If the property taxes for a 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 "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.
- 15** The Legislature in 1983 passed a law providing for the prompt reassessment of real property anytime that property changed ownership or new construction has been completed thereon. Such reassessment will result in a supplemental tax bill for the additional tax amount. 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 at a date after both the PR and the Title Policy(ies) are issued at the close of the transaction.
- 16** This item will always show in the PR and the Policy(ies) 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 at a date after both the PR and the Title Policy(ies) are issued at the close of the transaction.
- 17** This item refers to an easement as disclosed by the recorded subdivision map. An easement is the limited right of someone other than the owner of the property to use the property for a specified purpose.
- 18** Covenants, conditions and restrictions (CC&R) 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&Rs so that any party of the transaction will be aware of what those limitations are regarding the use of the property.

# Items & Exceptions Continued...

- 19** 7. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- |             |  |
|-------------|--|
| Granted to: | Southern California Edison Company           |
| Purpose:    | Public Utilities                             |
| Recorded:   | July 13, 1974, Instrument/File No. 74-152681 |
| Affects:    | the Northeasterly 6 feet                     |
- 20** 8. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- |             |   |
|-------------|---|
| Amount:     | \$70,000.00                               |
| Dated:      | July 15, 1974                             |
| Trustor:    | Marvin Priorowner and Sally W. Priorowner |
| Trustee     | Pacific Coast Title Company               |
| Beneficiary | 6000 Lake Avenue Waterfront, CA 92111     |
| Loan No:    |   |
| Recorderd:  | August 1, 1974, Instrument No. 74-160505  |
- 21** A Notice of Default under the terms of said deed of trust.
- |              |  |
|--------------|--|
| Executed by: | Lake Mortgage Company                        |
| Recorded:    | January 4, 1993, Instrument No. 1993-0002163 |
- 22** 9. An abstract of judgment for the amount shown below and any other amounts due:
- |               |  |
|---------------|--|
| Amount:       | \$13,512.00                                  |
| Debtor:       | Marvin Priorowner and Sally W. Priorowner    |
| Creditor:     | Charles A. Winner                            |
| Date Entered: | August 14, 2000                              |
| County:       | Riverside                                    |
| Court:        | Municipal Court                              |
| Case No:      | 567009                                       |
| Returned      |  |
| Name          | Charles A. Winner                            |
| Address       | 444 Winner Circle Riverside , CA 92111       |
| Recorded      | August 14, 1999, Instrument No. 2000-0123879 |
- An examination of said proceedings has been ordered. Upon completion the Company reserves the right to except additional items and/or make additional requirements.
- 23** 10. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- |                    |                                 |
|--------------------|---------------------------------|
| Federal Serial No. | 0031-2134673                    |
| Taxpayer           | Robert M. Sellersperson         |
| Amount             | \$5,850.00                      |
| Recorded           | April, 2001 of Official Records |

# Items & Exceptions Explanation Cont.

- 19** This item refers to an easement. Usually easements are for utility purposes, widening of streets and private driveway. It is important to remember that an easement shown in this part of the PR runs over the subject property and does not refer to an easement that benefits the property shown in the PR such as access. Easement(s) for access to the property would be shown in the PR as part of legal description.
- 20** 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 repayment of a monetary debt or some other form of obligation. If this item is to be paid off concurrently with the close of the transaction, the beneficiary of record must be contacted in order to obtain a reconveyance of the deed of trust.
- 21** A notice of default is recorded as a result of the owner of the property failing to preform their obligation under the terms of the obligation secured by the deed of trust. Usually when recorded it means the property owner has failed to make the monthly payments due under the debt secured by the Deed of Trust. Immediate attention should be given to this item if it is shown in the PR.
- 22** An abstract of judgment is recorded as a result of a judicial determination as to the winner, called the creditor, and the loser, called the debtor, at the conclusion of a lawsuit. The debtor could be a former owner, the present owner or the proposed buyer of the property. Once again, immediate attention should be given to this item as the creditor must submit a demand and a satisfaction of judgment prior to or concurrent with the close of the transaction if this item is to be eliminated from the policy(ies).
- 23** A federal tax lien will be filed by the Internal Revenue Service as a result of taxpayer's failure to pay their income taxes. Like an abstract of judgment, this could be against the present/previous owner or the proposed buyer in the transaction. In order for this item not to show in the in the policy(ies) to be issued, the IRS will have to de contacted to get a demand and a release of the lien prior to or concurrent with the close of the transaction. Similar type liens may also be recorded by the State of California or the Tax Collector of the County for various reasons, such as failure to pay state income taxes or failure to pay unsecured property taxes.

# Items & Exceptions Continued...

<b>24</b>	11. A pending Court Action as disclosed by a recorded notice:
Plaintiff	John I. Want and Sara Ann Want
Defendent:	Robert M. Sellerperson and Mary K. Sellerperson
County:	Riverside
Court:	Superior Court
Case No:	235678
Nature Of:	for specific performance
Action:	David S. Court
Attorney:	9988 Law Street
Address:	Any Court, CA 95666
Recorded:	September 10, 2002, Instrument No. 2002-287901,

**25** 12. We find various Liens and Judgments, that are of record against persons with similar or the same name as that of our vestee(s) shown herein. In order to complete this report, this Company requires a Statement of Information to be provided for the following vestee(s), which may allow and assist elimination of some or all of said Liens and Judgments. After review of the requested Statement(s) of Information, the Company reserves the right to add additional items or make further requirements prior to the issuance of any Policy of Title Insurance.

**Vestee(s): Robert M. Sellerperson and Mary K. Sellerperson**

**26** 13. We find various Liens and Judgments, that are of record against persons with similar or the same name as that of our vestee(s) shown herein. In order to complete this report, this Company requires a Statement of Information to be provided for the following vestee(s), which may allow and assist elimination of some or all of said Liens and Judgments. After review of the requested Statement(s) of Information, the Company reserves the right to add additional items or make further requirements prior to the issuance of any Policy of Title Insurance.

**Vestee(s): John Doe**

**27** 14. Any invalidity or defect in the title of the vestees in the event that the trust referred to herein is invalid or fails to grant sufficient powers to the trustee(s) or in the event there is a lack of compliance with the terms and provisions of the trust instrument.

If title is to be insured in the trustee(s) of a trust, (or if their act is to be insured), this Company will require a Trust Certification pursuant to California Probate Code Section 18100.5. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

**28** 15. This company will require a statement of information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon. After review of the requested Statement(s) of Information the Company may have additional requirements before the issuance of any policy of title insurance.

**Parties: John Buyer and Mary Buyer**

(Note: The statement of information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed statement of information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the statement of information is essential and will be kept strictly confidential to this file).

# Items & Exceptions Explanation Cont.

- 24** This item indicates that a lawsuit has been commenced in court that affects the title to real property. Reasons for which the lawsuit might be commenced include condemnation, foreclosure of a mechanic's lien or breach of contract. This item should always be cleared prior to the close of the transaction by obtaining a dismissal of the action. If not eliminated, the Buyer's title will be subject to the final outcome of the action. If the final outcome is unfavorable, the Buyer could lose title to the property.
- 25** These items indicate that when the title search was made, many items, such as tax liens, and abstracts of judgments, have been recorded against people having the same or a similar name of the parties to the transaction. In order for Pacific Coast Title to make a determination as to whether these items are against the parties to the transaction, we will need a Statement of Information from these parties. Make your Title Officer a happy person. Please try to get the Statements of Information to them as soon as possible.
- 26** If one of the parties to the transaction is "John Smith," many, many documents will have to be examined to determine if our "John Smith" is the same "John Smith" shown on these documents. This can only be done after the Statements of Information have been received.
- 28**
- 27** When reporting and insuring title where ownership is in a trustee of a trust, we request the customer supply us with a copy of the trust and all supplements and amendments to it, to confirm the legal existence of the trust, the identity of the trustee(s), and the sufficiency of their power under the trust to deal with real property in the manner contemplated by the proposed transaction. Trusts have come into increasing use for a variety of reasons, with this use we have seen reluctance to supply us with a complete copy of the Trust. We now have a way, provided under Probate Code Section 18100.5, for us to accept a Certification of Trust, in most cases, instead of the entire trust document.

## End of Items...

**29** Note 1. NOTE: The ALTA Homeowners Policy of Title Insurance (10-17-98) contains specific deductible amounts and specific liability maximums for Covered Risk numbers 14, 15, 16 and 18 of said policy that have been filed and approved by the various Departments of Insurance where the forms have been filed. Please consult with your escrow or title officer if you have questions regarding the policy.

**30** Note 2. The Note shown below, which recites: "California Revenue and Taxation Code Section 18668, effective January 1, 1991, requires that the buyer in all sales of California Real Estate, wherein the Seller shows an out of State Address, withhold 3-1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained."

is hereby deleted and replaced with the following:

California Revenue and Taxation Code Section 18662, effective January 1, 1994 and by Amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as herein obtained.

**31** Note. 3 None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.

**31** Note. 4 The Company is not aware of any matters which would cause it to decline to attach the CLTA Endorsement Form 116 indicating that there is located on said land Single Family Residence known as 2536 Brandywine Avenue, Palm Springs, CA to an Extended Coverage Loan Policy.

**31** Note. 5 There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.

**32** Note. 6 Wiring instructions for Pacific Coast Title Company , California, are as follows:

Receiving Bank:	Bank of American 1850 Gateway Blvd Concord CA
Federal Routing No:	121-000-358
Account Name:	Pacific Coast Title Company Title Trust Account
Account Number:	12378-20548
Title Order No:	888999
Title Officer:	Jennifer Title

This information is to be included in the wire text.

# End of Items Explanation

- 29** When the contemplated policy involves a sale transaction, this is where the buyers names are shown. Any discrepancies in the spelling of the names should be immediately brought to the Title Officer's attention, so the appropriate corrections can be made.
- 30** This paragraph relates to whether the property does or does not qualify for the automatic issuance of the 1987 ALTA-R Policy. If the property does not, Pacific Coast Title may have to physically inspect the property before a determination can be made. Any items disclosed by inspection will be disclosed by a supplemental report and/or an amended PR.
- 31** If a lender's ALTA policy has been requested Notes 3, 4 and 5 are shown to verify that the 100 endorsement can be issued and what type of improvements and the street address of the property in question is. It will also show any conveyances within 6 months from the date of the report.
- 32** This item will show whether Pacific Coast Title will bill the customer the full term rate premium or the short term rate premium once the policy(ies) is issued. The customer will be entitled to the short-term rate (80% of the full term rate) if any title company has insured the property within the last five years, excluding foreclosure guarantees and other types of guarantees.
- 33** **NOTE 7.** Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed. In order to avoid any such delays, all fundings should be done through wire transfer, certified check or checks drawn on California financial institutions.
- 34** **NOTE 8.** The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.
- 35** **NOTE 9.** California Revenue and Taxation Code Section 18662, effective January 1, 1994 and by amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.



# End of Items Explanation Continued

- 33** The amount of the previous years property taxes when the current years taxes are not yet available. To the right of the amounts will be a notation indicating the current status of the tax such as “paid,” “open” or “delinquent.” If the tax such is delinquent the penalty amount will also be shown. Also shown is the value at which the County Assessor has assessed the real property for the previous year.
- 34** This item deals with Pacific Coast Title’s policies regarding holding money at the close of escrow for the last payment of taxes and /or last monthly mortgage payment. All holds can be waived if we supplied with a copy of the cancelled check or other proof of payment.
- 35** Notes 9, 10 & 11 are informational notes regarding statutory requirements that need to be complied with at the time of closing or cancellation of the title transaction.
- 36** Accompanying each PR will be a map of the property showing its location. (Sample on Next Page)



# Notice

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts. If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

# Privacy Statement

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information (°Personal Information±), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:  
From applications or other forms we receive from you or your authorized representative;

- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

## Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

## Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

## Right to Access Your Personal Information and Ability to Correct Errors or Request Changes or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer  
PACIFIC COAST TITLE COMPANY  
1111 E. Katella Ave  
California, CA 92867

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

# EXHIBIT A

## AMERICAN LAND TITLE ASSOCIATION

### RESIDENTIAL TITLE INSURANCE POLICY 16-1-87) EXCLUSIONS

In addition to the Exclusions, you are not insured against loss, and the expenses resulting from:

1. Any rights, interests or claims of parties in possession of the and not shown by the public records.

- land use
- improvements a the land
- land division
- environmental protection

The exclusion does not apply to violations or the enforcement of these matters which appears in the public records at policy date.

This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, useless:

- a notice of exercising the right appears in the public data
- the taking happened prior to the Policy Date and is binding

on you if you brought the land without knowledge edge of the taking

3. Title Rules:

- that are created, allowed or agreed to by you
- that are known to you, but to us, on the Policy Data-useless they appeared in the public records
- that results in no loss to you
- that first affect you title after the Policy Date - this does not limit the labor and material lien coverage in item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in item 3 of Schedule A or
- in streets, alleys or waterways that touch your land.

The exclusion does not limit the access coverage in item 5 of the Covered Title Risks.

## SCHEDULE B

### EXCEPTIONS

In addition to the Exclusions, you are not insured against loss, and the expenses from:

1. Any rights, interests or claims of parties in possession of the and not shown by the public records.

2. Any easements or liens not shown by the public records. The does not limit the lien coverage in item 8 of Covered Title Risks.

Any facts about the land which a correct survey would disclose and which are not shown by the public records. This dows not limit the forced removal coverage in item 12 or Covered Title Risks.

4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records

## CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY -1990

### EXCLUSIONS FROM COVERAGE

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

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

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

3. Defects, liens, encumbrances, adverse claims, or other matters:

(a) created, suffered, assumed or agreed to by the insured claimant;

(b) not know to the Company, not recorded in the public record at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant become an insured under this policy;

(c) resulting in no loss or damage to the insured claimant;

(d) attaching or created subsequent to Date of Policy, or

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

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

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

6. Any claim, which arises our of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' right laws.

## SCHEDULE B

### EXCEPTIONS FROM COVERAGE

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

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

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

#### PART 1

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

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

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

# EXHIBIT A - Continued

## AMERICAN LAND TITLE ASSOCIATION LOAN POLICY A(10-17-92) WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92) WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE SCHEDULE OF EXCLUSIONS FROM COVERAGE

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

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

- e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidence by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law
6. Any statutory lien for services, labor or materials ( or the claim of priority or any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim which arises out of the transaction creating the interest of the mortgage insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on;  
(i) the transaction creating the interest of the insured mortgage being deemed a fraudulent covenant or fraudulent transfer, or (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:  
(a) to timely record the instrument of transfer, or  
(b) of such recordation to impart notice to a purchaser for value of a judgement or lien creditor.

## AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) SCHEDULE OF EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, the land; (ii) the character, dimensions or locations of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; (iv) environmental protection, of the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking, which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:

- a) created, suffered, assumed or agreed to by the insured claimant;  
(b) not know to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant become an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy, or  
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that is based on :  
(i) the transaction creating the estate of interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer, or  
(ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results form the failure:  
(a) to timely record the instrument or transfer, or  
(b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

## SCHEDULE B

### EXCEPTIONS FROM COVERAGE

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

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

# EXHIBIT A - Continued

## AMERICAN LAND TITLE ASSOCIATION HOMEOWNER'S POLICY OF TITLE INSURANCE FOR A ONE-TO-FOUR FAMILY RESIDENCE (10-17-98)

In addition to the Exclusions, you are not insured against loss, and the expenses resulting from:

1. Governmental police power, and the existence of violation of any law, or government regulation. This includes ordinances, laws and regulations concerning:

- a. building
- b. zoning
- c. land use
- d. improvements on the land
- e. land division
- f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appears in the Public Records at Policy Date.

This Exclusion does not limit the zoning coverage described in items 14, 15, 16, 17 or 24.

2. The failure of your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date

3. The right to take the land by condemning it, useless:

- a. a notice of exercising the right appears in the Public Records at the Policy Date:  
or

b. the taking happened before the Policy Date and is binding on you if you brought the land without knowledge edge of the taking

4. Risks:

- a. that are created, allowed or agreed to by you, whether or not they appear in the Public Records;
- b. that are known to you at the Policy Date, but to us, useless they appeared in the Public Records at the Policy Date;
- c. that results in no loss to you; or
- d. that first occur after the Policy Date - this does not limit the coverage described in Coverage Risk 7, 8.d, 22, 23, 24, or 25.

5. Failure to pay value for your title.

6. Lack of a right:

- a. to any land outside the area specifically described and referred to in item 3 of Schedule A; and
- b. in streets, alleys or waterways that touch your land. The exclusion does not limit the access coverage described in Covered Risks 11 and 18..

## RESIDENTIAL TITLE INSURANCE POLICY ONE-TO-FOUR FAMILY RESIDENCE ENHANCED VERSION (1997)

In addition to the Exclusions, you are not insured against loss, and the expenses resulting from:

Governmental police power, and the existence of violation of any law, or government regulation. This includes ordinances, laws and regulations concerning:

- a. land use
- b. improvements on the land
- c. land division
- d. environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appears in the Public Records at Policy Date.

This Exclusion does not limit the zoning coverage described in items 12.c, and d, 13 and 18 of the Covered Title Risks.

2. The right to take the land by condemning it, useless:

- a. a notice of exercising the right appears in the Public Records at the Policy Date: or
- b. the taking happened before the Policy Date and is binding on you if you brought the land without knowledge edge of the

Title Risks:

- that are created, allowed or agreed to by you;
- that are known to you, but to us, on the Policy Date-useless they appeared in the public records
- that results in no loss to you; or
- that first affect you title after the Policy Date - this does not limit the labor and material lien coverage described in item 3.b, 8,

17, and 19 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right: (a) to any land outside the area specifically described and referred to in item 3 of Schedule A or (b) in streets, alleys or waterways that touch your land.

The exclusion does not limit the access coverage in item 5 and 12.a of the Covered Title Risks.



PACIFIC COAST  
TITLE COMPANY