

Commonwealth

LAND TITLE COMPANY OF PUGET SOUND, LLC

14450 N.E. 29th Pl., #200
Bellevue, WA 98007
Phone: 425-646-3510
888-267-2301
Fax: 425-646-3513

COMMITMENT FOR TITLE INSURANCE SCHEDULE A

1. **Effective Date: July 5, 2007 at 8:00 a.m. Commitment No.: RJ - 20319614**

2. **Policy or Policies to be issued:**

ALTA 2003 Homeowner's Policy ALTA Homeowner's Policy Rate

Proposed Insured: To Be Determined

Amount:	TO COME
Premium:	\$ 0.00
Tax:	\$ 0.00
Total:	\$ 0.00

**ALTA 1992 Loan Policy - Simultaneous Issue =PHRASEBOX KGCLTRATEL= =PHRASEBOX
COMBO=**

Proposed Insured: To Be Determined

Amount:	TO COME
Premium:	\$ 0.00
Tax:	\$ 0.00
Total:	\$ 0.00

3. **Title to the fee simple estate or interest in the land described or referred to in this Commitment is at the effective date hereof vested in:**

Douglas G. Bair and Debbra J. Bair, husband and wife

4. **The land referred to in this Commitment is described as follows:**

See Exhibit "A" attached hereto.

Commonwealth Land Title Insurance Company

By 
Authorized Signature

Order No. **RJ - 20319614**

EXHIBIT "A"

LOT 58, MOUNT CLARE ESTATES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 111 OF PLATS, PAGE 1 THROUGH 5, RECORDS OF KING COUNTY AUDITOR;

SITUATE IN THE **COUNTY OF KING**, STATE OF WASHINGTON.

SCHEDULE B

REQUIREMENTS: Instruments necessary to create the estate or interest to be properly executed, delivered and duly filed for record.

EXCEPTIONS: Schedule B of the Policy or Policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

- A. Standard exceptions set forth on the Commitment Cover.
- B. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

SPECIAL EXCEPTIONS:

- 1. REAL ESTATE EXCISE TAX PURSUANT TO THE AUTHORITY OF RCW CHAPTER 82.45 AND SUBSEQUENT AMENDMENTS THERETO.

AS OF THE DATE HEREIN, THE TAX RATE FOR SAID PROPERTY IS 1.78%

FOR ALL TRANSACTIONS RECORDED ON OR AFTER JULY 1, 2005:

- A FEE OF \$10.00 WILL BE CHARGED ON ALL EXEMPT TRANSACTIONS;
- A FEE OF \$5.00 WILL BE CHARGED ON ALL TAXABLE TRANSACTIONS IN ADDITION TO THE EXCISE TAX DUE;

- 2. GENERAL PROPERTY TAXES AND SERVICE CHARGES, AS FOLLOWS, TOGETHER WITH INTEREST, PENALTY AND STATUTORY FORECLOSURE COSTS, IF ANY, AFTER DELINQUENCY: (1ST HALF DELINQUENT ON MAY 1; 2ND HALF DELINQUENT ON NOVEMBER 1)

TAX ACCOUNT NO.:	5701700580		
YEAR	BILLED	PAID	BALANCE
2007	\$8,838.36	\$4,419.18	\$4,419.18

TOTAL AMOUNT DUE, NOT INCLUDING INTEREST AND PENALTY: \$4,419.18.

LEVY CODE:	7562	
ASSESSED VALUE LAND:		\$261,000.00
ASSESSED VALUE IMPROVEMENTS:		\$468,000.00

- 3. NOTICE OF TAP OR CONNECTION CHARGES WHICH HAVE BEEN OR WILL BE DUE IN CONNECTION WITH DEVELOPMENT OR RE-DEVELOPMENT OF THE LAND AS DISCLOSED BY RECORDED INSTRUMENT. INQUIRIES REGARDING THE SPECIFIC AMOUNT OF THE CHARGES SHOULD BE MADE TO THE CITY/COUNTY/AGENCY.

CITY/COUNTY/AGENCY: CITY OF REDMOND
 RECORDED: AUGUST 9, 1994
 RECORDING NO.: 9408091502

- 4. ALL COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS OR OTHER SERVITUDES, IF ANY, DISCLOSED BY THE RECORDED PLAT OF MOUNT CLARE ESTATES.

THIS POLICY DOES NOT INSURE THAT THE LAND DESCRIBED IN SCHEDULE A IS BENEFITED BY EASEMENTS, COVENANTS OR OTHER APPURTENANCES SHOWN ON THE PLAT OR SURVEY TO BENEFIT OR BURDEN REAL PROPERTY OUTSIDE THE BOUNDARIES OF SAID LAND.

SCHEDULE B – continued

5. COVENANTS, CONDITIONS AND RESTRICTIONS IMPOSED BY INSTRUMENT RECORDED ON JUNE 14, 1979, UNDER RECORDING NO. 7906140653.

THIS POLICY DOES NOT INSURE THAT THE LAND DESCRIBED IN SCHEDULE A IS BENEFITED BY EASEMENTS, COVENANTS OR OTHER APPURTENANCES SET FORTH IN SAID INSTRUMENT TO BENEFIT OR BURDEN REAL PROPERTY OUTSIDE THE BOUNDARIES OF SAID LAND.

6. ON-SITE SEWAGE SYSTEM OPERATION AND MAINTENANCE REQUIREMENTS AND THE TERMS AND CONDITIONS THEREOF:

RECORDED: APRIL 30, 2003
RECORDING NO.: 20030430002599

7. DEED OF TRUST AND THE TERMS AND CONDITIONS THEREOF:

GRANTOR: DOUGLAS G. BAIR AND DEBRA J. BAIR, HUSBAND AND WIFE
TRUSTEE: CHICAGO TITLE
BENEFICIARY: PHOENIX SAVINGS BANK
ORIGINAL AMOUNT: \$500,000.00
DATED: APRIL 21, 2003
RECORDED: APRIL 30, 2003
RECORDING NO.: 20030430002601

ASSIGNMENT OF THE DEED OF TRUST:

ASSIGNEE: WELLS FARGO HOME MORTGAGE INC
RECORDED: JUNE 6, 2003
RECORDING NO.: 20030606002007

8. DEED OF TRUST SECURING A LINE OF CREDIT AND THE TERMS AND CONDITIONS THEREOF:

GRANTOR: DOUGLAS G. BAIR AND DEBRA J. BAIR, HUSBAND AND WIFE
TRUSTEE: FIRST AMERICAN TITLE INSURANCE COMPANY
BENEFICIARY: KEYBANK NATIONAL ASSOCIATION
ORIGINAL AMOUNT: \$161,500.00
DATED: MAY 4, 2005
RECORDED: JUNE 13, 2005
RECORDING NO.: 20050613000453

INVESTIGATION SHOULD BE MADE TO DETERMINE THE PRESENT BALANCE OWED BY CONTACTING THE APPROPRIATE LENDER/AGENCY/INDIVIDUAL.

NOTE: CAUTION SHOULD BE EXERCISED TO ENSURE THAT A RECONVEYANCE WILL BE OBTAINED.

THE DEED OF TRUST WAS MODIFIED BY INSTRUMENT.

RECORDED: SEPTEMBER 5, 2006
RECORDING NO.: 20060905000063

SCHEDULE B – continued

NOTE 1: IN THE PAST 24 MONTHS, THERE HAVE BEEN NO CONVEYANCES OF RECORD FOR THE PROPERTY DESCRIBED IN SCHEDULE A HEREIN. TITLE WAS ACQUIRED BY DOUGLAS G. BAIR AND DEBRA J. BAIR BY DEED RECORDED ON APRIL 30, 2003, UNDER RECORDING NO. 20030430002600.

NOTE 2: THE COMPANY HAS BEEN ASKED TO ISSUE SIMULTANEOUS POLICIES WITHOUT DISCLOSURE OF THE LIABILITY AMOUNTS. THIS COMMITMENT SHALL BE EFFECTIVE ONLY WHEN THE AMOUNTS OF THE OWNER'S AND LENDER'S POLICIES COMMITTED FOR HAS BEEN INSERTED IN SCHEDULE A HEREOF. THE FORTHCOMING OWNER'S POLICY MUST BE ISSUED IN AN AMOUNT AT LEAST EQUAL TO THE FULL VALUE OF THE ESTATE INSURED IN ACCORDANCE WITH OUR RATING SCHEDULE ON FILE IN THE OFFICE OF THE WASHINGTON STATE INSURANCE COMMISSIONER.

THE COMPANY MAY HAVE FURTHER REQUIREMENTS IF THE UNDISCLOSED AMOUNT TO BE INSURED EXCEEDS THE CURRENT ASSESSED VALUATION.

NOTE 3: TITLE WILL BE VESTED IN PARTIES YET TO BE DISCLOSED. WHEN TITLE IS VESTED, THEIR TITLE WILL BE SUBJECT TO MATTERS OF RECORD AGAINST THEIR NAMES.

NOTE 4: THE MATTERS RELATING TO THE QUESTIONS OF SURVEY, RIGHTS OF PARTIES IN POSSESSION AND UNRECORDED LIENS FOR LABOR AND MATERIAL HAVE BEEN CLEARED FOR THE LOAN POLICY, WHICH WHEN ISSUED, WILL CONTAIN THE WLTA 100 ENDORSEMENT.

THE LOAN POLICY OFFERS ADDITIONAL COVERAGE WHICH WILL NOT BE PROVIDED IN THE OWNER'S POLICY TO BE ISSUED, EXCEPT AS SPECIFIED IN THE HOMEOWNER'S ADDITIONAL PROTECTION ENDORSEMENT OR IN THE HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03).

NOTE 5: BASED ON INFORMATION PROVIDED TO THE COMPANY, ON THE DATE OF THIS COMMITMENT IT APPEARS THAT THERE IS LOCATED ON THE LAND:

A SINGLE FAMILY RESIDENCE

KNOWN AS:
**17226 NE 131ST ST
REDMOND, WA 98052**

NOTE 6: THIS IS A SALE TRANSACTION. THE SPECIFIC DISCOUNTED RATE CLASSIFICATIONS APPLIED TO THE OWNER'S POLICY, AND ANY LENDER'S POLICY ALSO REQUESTED FOR THIS TRANSACTION, ARE DISCLOSED IN SCHEDULE A OF THE PRELIMINARY COMMITMENT. OTHER DISCOUNTED RATE CLASSIFICATIONS MAY APPLY, INCLUDING THE:

**RESIDENTIAL RESALE RATE
SHORT TERM RATE
PRIOR TITLE EVIDENCE RATE
BUILDER'S AND SUBDIVIDER'S RATE
SIMULTANEOUS ISSUE RATE**

ATTACHED IS A BRIEF DESCRIPTION FOR THESE RATES. **PLEASE INFORM YOUR TITLE OFFICER IF YOU THINK YOUR TRANSACTION QUALIFIES FOR ONE OF THE LISTED DISCOUNT PREMIUM RATES.** YOU MAY REACH YOUR TITLE OFFICER, RICH JONES, AT (425) 646-3510 OR RICHARDJONES@LANDAM.COM.

NOTE 7: IF YOU WOULD LIKE THE COMPANY TO ACT AS TRUSTEE IN THE PROPOSED DEED OF TRUST, PLEASE NOTE THAT **"COMMONWEALTH LAND TITLE OF PUGET SOUND"** MAY ACT AS TRUSTEE OF A DEED OF TRUST UNDER RCW 61.24.010(1).

SCHEDULE B – continued

NOTE 8: THE COMPANY REQUIRES THE PROPOSED INSURED TO VERIFY THAT THE LAND COVERED BY THIS COMMITMENT IS THE LAND INTENDED TO BE CONVEYED IN THIS TRANSACTION. THE DESCRIPTION OF THE LAND MAY BE INCORRECT, IF THE APPLICATION FOR TITLE INSURANCE CONTAINED INCOMPLETE OR INACCURATE INFORMATION. NOTIFY THE COMPANY WELL BEFORE CLOSING IF CHANGES ARE NECESSARY. CLOSING INSTRUCTIONS MUST INDICATE THAT THE LEGAL DESCRIPTION HAS BEEN REVIEWED AND APPROVED BY ALL PARTIES.

NOTE 9: THE FOLLOWING MAY BE USED AS AN ABBREVIATED LEGAL DESCRIPTION ON THE DOCUMENTS TO BE RECORDED, PER AMENDED RCW 65.04. SAID ABBREVIATED LEGAL DESCRIPTION IS NOT A SUBSTITUTE FOR A COMPLETE LEGAL DESCRIPTION WITHIN THE BODY OF THE DOCUMENT.

LOT 58, MOUNT CLARE ESTATES

NOTE 10: WHEN SENDING DOCUMENTS FOR RECORDING, VIA U.S. MAIL OR SPECIAL COURIER SERVICE, PLEASE SEND TO THE FOLLOWING ADDRESS, UNLESS SPECIFIC ARRANGEMENTS HAVE BEEN MADE WITH YOUR TITLE UNIT:

COMMONWEALTH LAND TITLE COMPANY OF PUGET SOUND
1501 - 4TH AVENUE, SUITE 308
SEATTLE, WA 98101
ATTN: RECORDING DEPT.

COMMONWEALTH PRE-ADDRESSED ENVELOPES MAY STILL BE USED WHEN SENDING DOCUMENTS VIA TDS (TITLE DELIVERY SERVICE) TO THE ADDRESS ON THE FACE OF THE COMMITMENT COVER PAGE OR TO THE ABOVE ADDRESS.

NOTE 11: IN THE EVENT THAT THE COMMITMENT JACKET IS NOT ATTACHED HERETO, ALL OF THE TERMS, CONDITIONS AND PROVISIONS CONTAINED IN SAID JACKET ARE INCORPORATED HEREIN. THE COMMITMENT JACKET IS AVAILABLE FOR INSPECTION AT ANY COMPANY OFFICE.

NOTE 12: THE POLICY(S) OF INSURANCE MAY CONTAIN A CLAUSE PERMITTING ARBITRATION OF CLAIMS AT THE REQUEST OF EITHER THE INSURED OR THE COMPANY. UPON REQUEST, THE COMPANY WILL PROVIDE A COPY OF THIS CLAUSE AND THE ACCOMPANYING ARBITRATION RULES PRIOR TO THE CLOSING OF THE TRANSACTION.

SCHEDULE B – continued

(END OF EXCEPTIONS)

Investigation should be made to determine if there are any sewer treatment capacity charges or if there are any service, installation, maintenance, or construction charges for sewer, water or electricity.

In the event this transaction fails to close, a cancellation fee will be charged for services rendered in accordance with our rate schedule.

Unless otherwise requested or specified herein, the forms of policy to be issued in connection with this Commitment will be the ALTA 2003 Homeowner's Policy, the ALTA 1992 Lender's Policy, or, in the case of standard lender's coverage, the CLTA Standard Coverage Policy – 1990.

The Policy committed for or requested may be examined by inquiry at the office that issued the Commitment. A specimen copy of the Policy form(s) referred to in this Commitment will be furnished promptly upon request.

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Enclosures:

Sketch

Vesting Deed

Paragraphs All Recorded Matters

Commonwealth

LAND TITLE COMPANY OF PUGET SOUND, LLC

14450 N.E. 29th Pl., #200
Bellevue, WA 98007
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Discounted Rate Disclosure Addendum - Sale

This is a sale transaction. The specific discounted rate classifications applied to the owner’s policy, and any lender’s policy also requested for this transaction, are disclosed in Schedule A of the preliminary commitment. Other discounted rate classifications may apply, including the:

Residential resale rate – To insure the buyer on a sale of an existing one-to-four family residence or condominium.

Short term rate – If a title policy has been issued within the last five (5) years.

Prior title evidence rate – If a copy of a prior title policy or commitment issued by any title company is submitted with an order for title insurance upon land without a 1-to-4 family residential structure.

Builder’s and Subdivider’s Rate – If the land has been or is to be divided; if the proposed purchaser/ developer builds for resale or lease; if divided parcels are being sold or leased; or for standard owner’s policies following completion of construction. For a lender’s policy insuring a development loan on land which has been or is to be divided and for a lender’s policy insuring a construction loan.

Simultaneous Issue Rate – If an additional lender’s or owner’s policy is issued at the same time as the purchaser’s policy, only a small fee is charged for the same coverage type and amount as the owner’s policy.

PLEASE INFORM YOUR TITLE OFFICER IF YOU THINK YOUR TRANSACTION QUALIFIES FOR ONE OF THE LISTED DISCOUNT PREMIUM RATES. You may reach your title officer, Rich Jones, at (425) 646-3510 or RichardJones@Landam.com.

Please acknowledge your receipt of this rate disclosure by signing below.

Name: _____

Name: _____

Date: _____

Date: _____

SCHEDULE OF EXCLUSIONS FROM COVERAGE (continued)

Please return to company at:

14450 N.E. 29th Place
Suite 200
Bellevue, WA 98007
Attn: Rich Jones

Issued by



14450 N.E. 29th Pl., #200
Bellevue, WA 98007
Phone: 425-451-7301
888-267-2301
Fax: 425-646-3513

Commonwealth Land Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

Commonwealth Land Title Insurance Company, a Nebraska corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the exceptions and conditions and stipulations shown herein, the Exclusions from Coverage, the Schedule B exceptions, and the conditions and stipulations of the policy or policies requested. (See the following pages for printed Exclusions from Coverage and Schedule B exceptions contained in various policy forms.)

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement and is subject to the Conditions and Stipulations.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate 180 days after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

NOTE: THE POLICY COMMITTED FOR MAY BE EXAMINED BY INQUIRY AT THE OFFICE WHICH ISSUED THE COMMITMENT, AND A SPECIMEN COPY OF THE POLICY FORM (OR FORMS) REFERRED TO IN THIS COMMITMENT WILL BE FURNISHED PROMPTLY UPON REQUEST.

Commonwealth Land Title Insurance Company

Attest:

Secretary



By:

President

COMMITMENT CONDITIONS AND STIPULATIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and Stipulations and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

SCHEDULE OF EXCLUSIONS FROM COVERAGE

The matters listed below each policy form are expressly excluded from the coverage of that policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason thereof.

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

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

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

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

SCHEDULE OF EXCLUSIONS FROM COVERAGE (continued)

AMERICAN LAND TITLE ASSOCIATION HOMEOWNER'S POLICY OF TITLE INSURANCE FOR A ONE-TO-FOUR FAMILY RESIDENCE (10-22-03)

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

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

CLTA STANDARD COVERAGE LOAN POLICY 1990

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**SCHEDULE B EXCEPTIONS APPEARING IN ALTA OWNER'S POLICY – STANDARD COVERAGE
AND CLTA STANDARD COVERAGE LOAN POLICY**

1. Taxes or assessments which are not now payable or which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession, or claiming to be in possession, thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey of the land would disclose, and which are not shown by the public records.
5. Any lien, or right to a lien, for labor, material, services or equipment, or for contributions to employee benefit plans, or liens under Workmans' Compensation Acts, not disclosed by the public records.
6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes; or, (d) water rights, claims or title to water, whether or not the matters excepted under (a), (b), (c) or (d) are shown by the public records.
7. Right of use, control or regulation by the United States of America in the exercise of powers over navigation; any prohibition or limitation on the use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.
8. Any service, installation, connection, maintenance or construction charges for sewer, water, electricity, or garbage collection or disposal, or other utilities unless disclosed as an existing lien by the public records.

SCHEDULE B EXCEPTIONS APPEARING IN ALTA OWNER'S POLICY – EXTENDED COVERAGE

1. Taxes or assessments which are not now payable or which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Underground easements, servitudes or installations which are not disclosed by the public records.
3. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes; or, (d) water rights, claims or title to water, whether or not the matters excepted under (a), (b), (c) or (d) are shown by the public records.
4. Right of use, control or regulation by the United States of America in the exercise of powers over navigation; any prohibition or limitation on the use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.
5. Any service, installation, connection, maintenance or construction charges for sewer, water, electricity, or garbage collection or disposal, or other utilities unless disclosed as an existing lien by the public records.

**SCHEDULE B EXCEPTIONS APPEARING IN ALTA LOAN POLICY (10-17-92) and ALTA
HOMEOWNER'S
POLICY OF TITLE INSURANCE (10-22-03)**

No general exceptions appear in these policy forms.