

PRELIMINARY REPORT

Issued for the sole use of:

Our Order Number: 00101302-001-JES

Ray Carlson & Associates, Inc.  
Ray Carlson  
411 Russell Avenue  
Santa Rosa, CA 95403

When Replying Please Contact:

Jody Sommerhauser  
(707) 566-0900  
jodys@northcoasttitlecompany.com

Property Address: 3194 and 3216 Alexander Valley Road, Healdsburg

In response to the above referenced application for a policy of title insurance, North Coast Title Co., as agent for Old Republic National Title Insurance 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 below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit B. 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 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 Exhibit B. Copies of the Policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit B 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.

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

Dated as of March 19, 2012 at 7:30 a.m.

## SCHEDULE A

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

NONE

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

A FEE AS TO PARCEL ONE; EASEMENTS AS TO PARCELS TWO AND THREE OF TRACT ONE:

A FEE AS TO TRACT TWO:

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

Klein Foods, Inc., a California Corporation

## LEGAL DESCRIPTION

### EXHIBIT A

The land referred to herein below is situated in the unincorporated area of the, County of Sonoma, State of California, and is described as follows:

#### TRACT ONE

##### PARCEL ONE:

Lot 1, a shown on the Map entitled "Parcel Map No. 6881," filed in the Office of the County Recorder on April 16, 1981 in Book 320 of Maps at Pages 18 and 19, Sonoma County Records.

##### PARCEL TWO:

An Easement for general road and public utility purpose over and along the 50.0 foot wide road and utility easement, as shown the Map entitled "Parcel Map No. 6881," filed in the Office of the County Recorder on April 16, 1981 in Book 320 of Maps at Pages 18 and 19, Sonoma County Records.

##### PARCEL THREE:

An easement for domestic water use and pipeline purposes created by the "Water Easement Agreement" by and between Sonoma Vineyards, a California corporation and Rodney D. Strong and Charlotte Strong, husband and wife dated January 1, 1981, and recorded March 31, 1982 under Document No. 92017042, Sonoma County Records.

A.P. No. 131-190-018

#### TRACT TWO:

Being the Lands of Klein Foods, Inc., as recorded in Exhibit "B" of Document Number 89-017593 of Official Records, Sonoma County Records and as shown on that Record of Survey filed in Book 437 of Maps at Page 41, Sonoma County Records, said Parcel being more particularly described as follows:

Beginning at a found ½" iron pipe tagged LS 3216 marking the Southerly corner of the Lands of Bellotti as shown on that Record of Survey filed in Book 134 of Maps at Page 9, Sonoma County Records; thence from said Point of Beginning and along the Easterly line of Bellotti as shown on said Map N 44° 51' 40" E, 597.29 feet to a ½" iron pipe tagged L.S. 3216; on the Westerly lines of Leonard as shown on the Record of Survey filed in Book 384 of Maps at Page 3 and 4, Sonoma County Records; thence leaving said Easterly line and along said Westerly line of Leonard S 45° 05' 39" E 1867.14 feet, from which a 1/2" iron pipe bears S 45° 05' 39" E, 0.50 feet; thence S 45° 10' 47" W 2046.36 feet to a 1/2 " iron pipe tagged L.S. 3216 on the Easterly line of Lot 1 of Parcel Map Number 6881, filed in Book 320 of Maps, Page 19; thence along said Easterly, Northerly and Westerly boundary of Lot 1, the following 17 courses; N 3° 30' 00" W 655.00 feet to a ½" iron pipe tagged L.S. 3216; thence N 44° 07' 08" W 390.00 feet; to a ½" iron pipe tagged L.S. 3216; thence N 44° 24' 23" E 531.66 feet to a ½" iron pipe tagged L.S. 3216; thence N 65° 49' 03" E 238.33 feet to a ½" iron pipe tagged L.S. 3216; thence N 5° 31' 48" W 259.70 feet to a ½" iron pipe tagged L.S. 3216; thence N 82° 56' 35" W 148.31 feet to a ½" iron pipe tagged L.S. 3216; thence N 45° 36' 47" W 415.41 feet to a ½" iron pipe tagged L.S. 3216; thence S 73° 40' 00" W 400.00 feet to a ½" iron pipe tagged L.S. 3216; thence S 3° 33' 43" E, 1731.10 feet to a ½" iron pipe tagged L.S. 3216; thence S 66° 07' 00" W 144.00 feet to the center of a intermittent creek; thence along said creek S 27° 13' 00" W 75.00 feet; thence S 4° 20' 00" W 63.00 feet; thence N 72° 20' 00" W 94.00 feet; thence N 68° 40' 00" W 28.00 feet; thence S 8° 00' 00" E 64.00 feet; thence S 50° 30' 00" W 31.00 feet; thence S 2° 30' 00" W 157.52 feet more or less to the center of the Russian River; thence leaving aforementioned Lot 1 boundary and along the centerline of said river N 62° 22' 39" W 369.12; thence N 51° 06' 28" W 208.87 feet; thence N 84° 11' 40" W 171.35 feet; thence N 47° 25' 37" W 647.50 feet; thence N 33° 24' 51" W 469.71 feet; thence N 50° 41' 57" W 136.55 feet; thence N 77° 41' 55" W 381.56 feet to the Easterly Right of Way of Alexander Valley Road as

**EXHIBIT A**  
(Continued)

described in the Deed to the County of Sonoma Recorded in Book 792 of Official Records at Page 389, Sonoma County Records; thence leaving said river centerline and along said right of way N 46° 38' 33" E 160.67 feet (N 46° 32' 30" E deed); thence S 43° 21' 27" E 2.00 feet (S 43° 27' 30" E deed); thence N 46° 38' 33" E, 265.00 feet (N 46° 32' 30" E deed); thence S 43° 21' 27" E 5.00 feet (S 43° 27' 30" E deed); thence N 46° 38' 33" E 701.58 feet (N 46° 32' 30" E deed) to a ½" iron pipe tagged L.S. 3216; thence N 55° 16' 13" E 100.00 feet (N 55° 10' 10" E deed) to a ½" iron pipe; thence along a curve to the left from a tangent that bears N 46° 38' 33" E with a radius of 2,246.92 feet, through a central angle of 3° 07' 55" for a length of 122.82 feet to a ½" iron pipe tagged L. S. 3216; thence N 46° 29' 22" W 29.87 feet to a ½" iron pipe tagged L.S. 3216; thence continuing N 46° 29' 22" W 30.00 feet to the physical centerline of Alexander Valley Road; thence along said centerline N 41° 36' 30" E 727.57 feet to a point, from which a ½" iron pipe tagged L.S. 3216 bears S 48° 23' 30" E 30.00 feet; thence along a curve to the right with a radius of 6400.00 feet, through a central angle of 3° 28' 55" for a distance of 388.95 feet to a point from which a ½" iron pipe tagged L.S. 3216 bears S 44° 54' 35" E 30.00 feet; thence N 45° 05' 25" E 117.62 feet to a point; thence S 45° 05' 20" E 43.50 feet to a ½" iron pipe tagged L. S. 3216; thence continuing S 45° 05' 20" E 228.83 feet to a ½" iron pipe tagged L.S. 3216; thence continuing S 45° 05' 20" E 538.16 feet to the Point of beginning.

A. P. No. 131-190-019

**SCHEDULE B**

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

## THE FOLLOWING AFFECT TRACT ONE:

1. Taxes and assessments, general and special, for the fiscal year 2012-2013, a lien, but not yet due or payable.
2. Taxes and assessments, general and special, for the fiscal year 2011-2012, as follows:
 

Assessor's Parcel No.:	131-190-018
Code No.:	097-020
1st Installment:	\$ 6,252.60 Paid
2nd Installment:	\$ 6,252.60 Due
3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq. of the Revenue and Taxation Code of the State of California.
4. Williamson Act - Land Conservation contract, as follows:
 

County:	County of Sonoma
Landowner:	Tiburon Vintners, Inc. a California Corporation
Recorded:	March 2, 1972 in Book 2608 of Official Records Page 618
5. Terms and provisions as contained in an instrument,
 

Entitled:	Declaration of Restrictions
Executed By:	Sonoma Vineyards, a California Corporation
Recorded:	April 16, 1981 as Document No. 81020357
Which Among Other Things Provides:	Restriction for engineered septic system
6. Terms and provisions as contained in an instrument,
 

Entitled:	Water Easement Agreement
Executed By and Between:	Sonoma Vineyards, a California Corporation AND Rodney D. Strong and Charlotte Strong, husband and wife
Recorded:	March 31, 1982 as Document No. 82017042
Which Among Other Things Provides:	Refer to said document
7. Terms and provisions as contained in an instrument,
 

Entitled:	Road, Utility and Private Storm Drainage Easement Agreement
Executed By and Between:	Rodney D. Strong and Charlotte Strong, husband and wife AND Klein Foods, Inc. a California corporation
Recorded:	February 13, 2002 as Document No. 2004020019
Which Among Other Things Provides:	Refer to said Document

**EXCEPTIONS**  
(Continued)

8. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument: Road, Utility and Private Storm Drainage Easement Agreement  
Granted To: Klein Foods, Inc. a California Corporation  
For: Road, Utility and Private Storm Drainage purposes  
Recorded: February 13, 2004 as Document No. 2004020019  
Affects: As show in said document.

9. Items Nos. 7 and 8, above may have merged by acquisition of said property by Klein Foods, Inc. and may need to be extinguished of record and recreated upon the completion of the Lot Line Adjustment

THE FOLLOWING AFFECT TRACT TWO:

10. Taxes and assessments, general and special, for the fiscal year 2012-2013, a lien, but not yet due or payable.

11. Taxes and assessments, general and special, for the fiscal year 2011-2012, as follows:

Assessor's Parcel No.: 131-190-019  
Code No.: 097-020  
1st Installment: \$ 32,551.21 Paid  
2nd Installment: \$ 32,551.21 Due

12. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq. of the Revenue and Taxation Code of the State of California.

13. Any adverse claim based upon the assertion that some portion of said land is tide or submerged land or has been created by artificial means or has accreted to such portion so created.

14. Any adverse claim based upon the assertion that:

- (1) (a) Some portion of said land has been created by artificial means, or has accreted to such portion so created.  
(b) Some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Russian River, or has been formed by accretion to any such portion.  
(2) Rights and easements for navigation and fishery which may exist over that portion of said land lying beneath the waters of the Russian River.

15. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Granted To: Matilda Foppiano  
For: Pipe line  
Recorded: January 30, 1939 in Book 476 of Official Records Page 438  
Affects: Not fully disclosed for the record document

NOTE: The present ownership of said easement and other matters affecting the interests thereto, if any, are not shown herein.

**EXCEPTIONS**  
(Continued)

16. Williamson Act - Land Conservation contract, as follows:
- County: County of Sonoma  
 Landowner: Tiburon Vintners, Inc. a California Corporation  
 Recorded: March 2, 1972 in Book 2608 of Official Records Page 618
17. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following
- Granted To: Rodney D. Strong and Charlotte Strong, his wife  
 For: General Road and Utility Purpose  
 Recorded: March 31, 1982 as Document No. 82017041  
 Affects: A portion of said land
18. Terms and provisions as contained in an instrument,
- Entitled: Water Easement Agreement  
 Executed By and Between: Sonoma Vineyards, a California Corporation AND Rodney D. Strong and Charlotte Strong, husband and wife  
 Recorded: March 31, 1982 as Document No. 82017042  
 Which Among Other Things Provides: Refer to said document
19. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following
- Instrument: Water Easement Agreement  
 Granted To: Rodney D. Strong and Charlotte Strong, his wife  
 For: Water pipeline  
 Recorded: March 31, 1982 as Document No. 820107042  
 Affects: A portion of said land
20. Certificate of Compliance recorded June 1, 1984 as Document No. 84037102, Sonoma County Records.
21. The affect of the Record of Survey filed in Book 437 of Maps Page 41, Sonoma County Records.
22. A Deed of Trust, Security Agreement, Crop Filing and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreement to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,
- Amount: \$17,000,000.00  
 Trustor/Borrower: Klein Foods, Inc. a California Corporation Insurance Company  
 Trustee: First American Title  
 Beneficiary/Lender: The Prudential Insurance Company of America, a New Jersey corporation  
 Dated: September 29, 1997  
 Recorded: October 3, 1997 as Document No. 1997 0089106
- Amended and Restated Deed of Trust, Security Agreement, Crop Filing and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreement pertaining to said Deed of Trust, executed by Klein Foods, Inc. a California sorporation, recorded June 1, 1998 as Document No. 1998 0059229.
- Amendment to Loan Document pertaining to said Deed of Trust executed by Klein Foods, Inc. a California corporation recorded June 1, 1998 as Document No. 1998 0059231.

**EXCEPTIONS**  
(Continued)

23. Financing Statement (UCC-1) as follows:

Debtor: Klein Foods, Inc. a California Corporation  
Secured Party: The Prudential Insurance Company of America  
Recorded : October 3, 1997 as Document No. 1997 0089108  
NOTE: With reference to Financing Statement (UCC-1) shown above as Instrument Nos.2002064309, 2007053186, a Financing Statement change (UCC-2) was recorded which, among other things, provides for continuation.

24. Terms and provisions as contained in an instrument,

Entitled: Agreement RE Hazardous Material Indemnity  
Executed By and Between: Klein Foods Inc, a California Corporation and The Prudential Insurance Company of America  
Recorded: October 3, 1997 as Document No. 1997 0089111  
Which Among Other Things Provides: Refer to said document

25. Terms and provisions as contained in an instrument,

Entitled: Intercreditor Agreement  
Executed By and Between: Wells Fargo Bank, N.A. AND The Prudential Insurance Company of America  
Recorded: October 3, 1997 as Document No. 1997 0089114

Reaffirmation of Intercreditor Agreement recorded June 1, 1998 as Document No. 1998 0059234, Sonoma County Records.

26. Financing Statement (UCC-1) as follows:

Debtor: Klein Foods Inc.  
Secured Party: The Prudential Insurance Company of America  
Recorded (Filed):

NOTE: With reference to Financing Statement (UCC-1) shown above as Instrument Nos. 2002200371, 200713289, a Financing Statement change (UCC-2) was recorded which, among other things, provides for continuation.

27. Financing Statement (UCC-1) as follows:

Debtor: Klein Foods Inc. a California Corporation  
Secured Party: The Prudential Insurance Company of America  
Recorded (Filed): December 29, 1998 as Document No. 1998 0156313

NOTE: With reference to Financing Statement (UCC-1) shown above as Instrument Nos.2003192413, 2008073163, a Financing Statement change (UCC-2) was recorded which, among other things, provides for Continuation.

28. Rights of tenants in possession as tenants only under unrecorded leases.

29. This report is issued to facilitate a Lot Line Adjustment.

**END OF ITEMS**

**EXCEPTIONS**  
(Continued)

**NOTES**

**PRIVACY PROMISE FOR CUSTOMERS**

**We will not reveal non-public personal customer information to any external non-affiliated organization unless we have been authorized by the customer, or are required by law.**

**This report does not reflect requests for notice of default, requests for notice of delinquency, subsequent transfers of easements, and similar matters not germane to the issuance of the policy of title insurance anticipated hereunder.**

**No endorsement issued in connection with the policy and relating to covenants, conditions or restrictions provides coverage for environmental protection.**

**SONOMA COUNTY DOCUMENTARY TRANSFER TAX is based on \$0.55 per five hundred, or portion thereof, of consideration. County Transfer Tax is based on full consideration minus any loans assumed in the sale.**

**The following cities have enacted provisions to collect Documentary Transfer Tax. If the property herein lies within any of the following cities, be certain to show both the appropriate county and city amounts of Documentary Transfer Tax on your conveyance document(s):**

**SANTA ROSA: \$2.00 per \$1,000 of consideration or portion thereof, no exemption for assumed loans;  
PETALUMA: \$2.00 per \$1,000 of consideration or portion thereof, no exemption for assumed loans;  
SEBASTOPOL: \$2.00 per \$1,000 of consideration or portion thereof, no exemption for assumed loans**

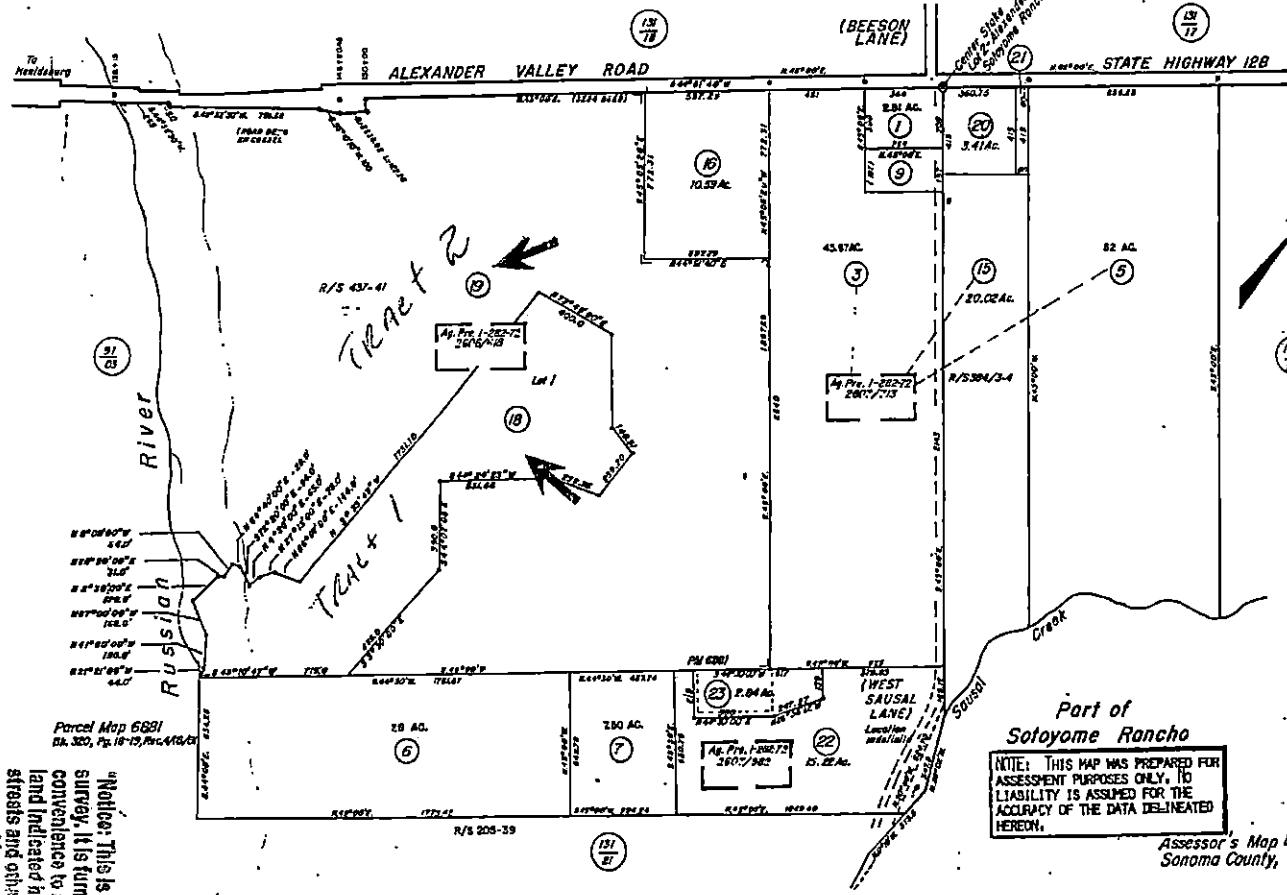
None

**END OF NOTES**

COUNTY ASSESSOR'S PARCEL MAP

TAX RATE AREA  
97-020

131-19



Part of  
Sotoyome Rancho

NOTE: THIS MAP WAS PREPARED FOR  
ASSESSMENT PURPOSES ONLY. NO  
LIABILITY IS ASSUMED FOR THE  
ACCURACY OF THE DATA DELINEATED  
HEREON.

Assessor's Map Bk. 131 pg. 19  
Sonoma County, Calif.

REVISED  
12-24-81 = 18  
12-26-85 =  
7-10-89 = 21LSL  
2-27-96 = 23LF  
- - -

Notice: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon.

Description: Sonoma, CA Assessor Map 131.19 Page: 1 of 1  
des: 101302 Comment:

**EXHIBIT B**  
**CALIFORNIA LAND TITLE ASSOCIATION**  
**STANDARD COVERAGE POLICY -1990**

**EXCLUSIONS FROM COVERAGE**

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

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

**EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims that are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)**  
**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
  - a. building
  - b. zoning
  - c. land use
  - d. improvements on the Land

- e. land division
- f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

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

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of the 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 are recorded in the Public Records;
    - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
    - c. that result in no loss to You; or
    - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d., 22, 23, 24 or 25.
  5. Failure to pay value for Your Title.
  6. Lack of a right:
    - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
    - b. in streets, alleys, or waterways that touch the Land.
- This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

#### LIMITATIONS ON COVERED RISKS

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

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

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

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

#### CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (01/01/08) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

#### EXCLUSIONS

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division; and
  - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

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 limit the coverage described in Covered Risk 14 or 15.
  3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
  4. Risks:
    - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
    - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded 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.e., 25, 26, 27 or 28.
  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 21.

#### LIMITATIONS ON COVERED RISKS

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

For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00

**AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

**EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

**ALTA LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT—FORM 1 COVERAGE**

**EXCLUSIONS FROM COVERAGE**

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

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

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

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

#### **2006 ALTA LOAN POLICY (06-17-06)**

#### **EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

#### **EXCEPTIONS FROM COVERAGE**

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

#### **ALTA OWNER'S POLICY (10-17-92)**

#### **EXCLUSIONS FROM COVERAGE**

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

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

- (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
- (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
  - (a) to timely record the instrument of transfer; or
  - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

#### **2006 ALTA OWNER'S POLICY (06-17-06)**

#### **EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

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

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

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

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

##### **EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to 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 improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records a Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

#### **ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (01-01-08)**

##### **EXCLUSIONS FROM COVERAGE**

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

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

- (iv) environmental protection;  
or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
  - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
  3. Defects, liens, encumbrances, adverse claims or other matters:
    - (a) created, suffered, assumed or agreed to by the Insured Claimant;
    - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
    - (c) resulting in no loss or damage to the Insured Claimant;
    - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
    - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
  4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
  5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
  6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
  7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
  8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.