The Preliminary Report

Presented By

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ORANGE COAST
TITLE COMPANY

EXPLANATION PAGE

1. Name and address of the firm that requested the preliminary report. (Escrow)

2. Name of the individual that requested the preliminary report. (Escrow Officer)

3. Customer's reference number (Escrow Number)

4. Title order number

5. This paragraph states that Orange Coast Title is prepared to issue, or caused to be issued, a policy of title insurance, and the general scope of the insurance.

6. This paragraph states that the preliminary report is for title purposes only, with no other liability unless specially requested. It is a report only.

7. This section is the effective date of our investigation of the public records, or the date and time to which matters affecting title have been examined.

8. Title Officer's name. This is the person to whom you may direct any inquiry about the report.

9. This paragraph describes the form of the policy contemplated to be issued.

Order No. 305-123456-01

Orange Coast Title Company of Southern California - LA Division

640 N. Tustin Ave, Suite 106
Santa Ana, CA 92705
714-558-2836

PRELIMINARY REPORT

1 Anxious Escrow

12345 Main Street
Anytown, CA 00000

2 **Attention:** Jennifer Smith **Your no.:** 3 1234-JS

Property address: 1123 Treeline Drive, La Canada Flintridge, CA 91011 **Order no.:** 4 305-123456-01

Dated: January 21, 2011

5 In response to the above referenced application for a policy of title insurance, **Orange Coast Title Company of Southern California - LA Division** 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 of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit B attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in 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 the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

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

7 Dated as of January 14, 2011 at 7:30 AM

8 John Fernando, Title Officer
Ph: 800-281-0887
Fax: 714-822-3223

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

A.L.T.A Homeowner's Policy (1/01/08) A.L.T.A. Loan Policy (06-17-06) with A.L.T.A. Endorsement - Form 1 Coverage

EXPLANATION PAGE

The word "estate" is used to express the degree, quantity, nature, duration, or extent of an interest in land. A "fee" is the highest type of estate or interest an owner can have in land – freely transferable and inheritable, and whose owner is entitled to possession. (There are a number of other estates or interests in land that we could insure; examples would be leasehold, oil and minerals, easement, etc.)

This shows who the owner of record is and how they hold title. (Two distinct items)

The legal description of the land covered by the preliminary title report.

SCHEDULE "A"

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

A Fee

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

John J. Doe and Jane I. Doe, as Co-Trustees of the Doe Family Trust dated March 16, 2004, subject to paragraph no(s). 15 of Schedule B

The land referred to in this report is situated in the county of Los Angeles, State of California, and is described as follows:

Lot 7 of Tract number 8163, in the City of La Canada-Flintridge, County of Los Angeles, State of California as per map recorded in Book 96, Pages 67 and 68 of Maps in the Office of the County Recorder of Los Angeles County, State of California

Assessor's Parcel Number(s): 5658-008-007

EXPLANATION PAGE

ITEM 1

The property tax year (fiscal year) runs from July 1 to June 30. Property is taxed as of January 1 for payment in the following fiscal year. Note the installment due dates below this item reference.

ITEM 2

A statement regarding the amount and status of the current year's taxes (e.g., taxes now a lien, now due, or respective installments paid or unpaid). Also, the Assessor's Parcel Number is shown on this item.

ITEM 3

If there are property tax delinquencies for a prior year or years, the amount including penalty and interest to redeem prior to a certain future date is shown here.

ITEM 4

Bonds or assessments levied at the inception of construction of improvements (e.g., as streets, gutters, sidewalks, sewers, etc., under an approved district) are shown here and collected along with the property taxes.

ITEM 5

Supplemental Taxes: State law requires the Assessor to reappraise property upon change in ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and the old value. The Auditor-Controller calculates the supplemental property tax, and prorates it, based upon the number of months remaining in the fiscal year in which the event occurred.[1]

From this point on, items against the property will be shown chronologically, the oldest first and so on, thereby reflecting the priority in which each affects the title record.

ITEMS 6 and 7

Recorded Easements: Either created by the recording of the map or by specific grant. An easement is a right or interest through the land of another which entitles the holder thereof to some use, privilege, or benefit upon or over said land.

[1] http://assessor.lacounty.gov/extranet/guides/realprop.aspx

SCHEDULE "B"

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

1 General and Special taxes for the fiscal year 2011-2012, including any assessments collected with taxes. A lien not yet payable.

First installment due and payable November 1, 2011, delinquent if not paid by 12/10/11
Second installment due and payable February 1, 2012, delinquent if not paid by 4/10/12

2 General and Special taxes for the fiscal year 2010-2011, including any assessments collected with taxes.

Total amount	$5,501.71
1st installment	$2,750.86 delinquent
Penalty	$285.09
2nd installment	$2,750.86 open
Penalty	$285.09 (after 4-10-11)
Code area	04782
Parcel No.	5658-008-007
Exemption	$7,000.00

3 The lien of defaulted real property taxes and any subsequent delinquencies

Delinquent Year	Parcel	Bill	Installment	Tax Amount
2008	5658-008-007	Regular	not shown	1,634.26
2009	5658-008-007	Regular	2nd	3,408.15

Amount to redeem for:
Jan, 2011 $5,042.41
Feb, 2011 $5,175.65
March, 2011 $5,358.37

4 Assessment no.: 0000

District:	City of La Canada/Flintridge
Created for:	Sewers
Issued:	June 14, 2004
Original amount:	$(Unknown)
Unpaid balance:	$(Unknown)

This assessment is collected with taxes.

5 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

6 An easement for purposes herein stated, and rights incidental thereto as provided in an instrument

Recorded:	in Book 29381 Page 299, Official Records.
For :	pole lines and incidental purposes
In favor of :	Southern California Edison Company, a Corporation
Affects :	the Northeasterly 5 feet and the Southeasterly 5 feet of said land

7 An easement for purposes herein stated, and rights incidental thereto as set forth in an instrument

Recorded:	November 23, 1954 in Book 46181 Page 241 Official Records
For:	ingress, egress and driveway purposes
Affects:	the Southerly 10 feet of said land

EXPLANATION PAGE

ITEM 8

CC&R's: Covenants, Conditions and Restrictions are the limitations or qualifications imposed on the use of a particular parcel of land.

Note that the first sentence contains a subordination clause - This is made a part of all modern day Covenants, Conditions and Restrictions because lenders do not want the CC&R's to have priority over their loan.

Covenants, Conditions and Restrictions can be modified by the Subdivider until he/she first deeds out the property. Afterwards, all the land owners must join in for a modification to be valid.

ITEM 9

Deed of Trust: A deed of trust conveys title to a particular property to a neutral third party (trustee) with limited powers (such as powers of sale) for the purpose of securing a loan. The three parties to this document are the trustor (borrower), the trustee, and the beneficiary (lender).

Substitution of Trustee: A new trustee was substituted for the trustee named in the deed of trust.

Notice of Default: The terms of the trust deed were violated (e.g., failure to pay monthly installments) and, as a result, a notice of said default was recorded.

Notice of Trustee Sale: The delinquency noted in the notice of default was not cured and this is the next step in the non-judicial foreclosure process.

ITEMS 10 and 11

Junior/Subordinate Lien: Another deed of trust was recorded concurrent to the previous deed of trust shown as item 9 and is therefore subordinate.

Equity Line of Credit: A deed of trust to secure future advances.

(ITEMS NOT SHOWN)

Subordination Agreement: If the parties have agreed that a deed of trust is to be a "second" (or "junior") lien, a recorded subordination agreement states this fact. The agreement may be a separate instrument or it may be incorporated within the deed of trust which is to become subordinate.

Modification Agreement: The terms of a trust deed may be modified in a number of ways (e.g., provisions for additional advances, extension of maturity dates, etc.) by agreement executed by the trustor and beneficiary or their successors.

Assignment: An assignment of the beneficial interest under the deed of trust from the original beneficiary to another.

8 Covenants, conditions and restrictions in an instrument recorded July 15, 1970 in Book 32601, Page 25, Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any mortgage or Deed of Trust made in good faith and for value, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under chapter 42, section 3604 of the United States code or (b) relates to handicap but does not discriminate against handicapped persons.

"NOTE: section 12955 of the government code provide 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 fair housing laws and is void, and may be removed pursuant to Section 12955 of the government code. Lawful restriction under state and federal law on the age of occupants in senior housing for older persons shall not be construed as restriction based on familial status."

An instrument declaring a modification thereof was recorded October 10, 1971 in book 4901, page(s) 110, Official Records.

9 A Deed of Trust to secure the indebtedness of
Amount: $516,000.00
Trustor: John J. Doe and Jane I. Doe, Husband and Wife as Joint Tenants
Trustee: Orange Coast Title Company of Southern California
Beneficiary: New Century Mortgage Corporation, a Corporation
Dated: May 11, 2006
Recorded: 5/18/2006 as Instrument No.06-1102849, Official Records.

The trustee in said Deed of Trust was substituted by an instrument
Recorded: 9/1/2010 as Instrument No. 10-1971242, Official Records.
New trustee: Recontrust Company, N.A.

Notice of default under the terms of said Deed of Trust was
Recorded: 9/23/2010 as Instrument No. 10-1985107, Official Records.

A notice of trustee's sale under the terms of said Deed of Trust was recorded: 12/24/2010 as Instrument No. 10-177269, Official Records.
Trustee: Recontrust Company, N.A.
Date of sale: January 15, 2011 at 10:00 AM

10 A Deed of Trust to secure the indebtedness of
Amount: $129,000.00
Trustor: John J. Doe and Jane I. Doe, Husband and Wife as Joint Tenants
Trustee: Orange Coast Title Company of Southern California
Beneficiary: New Century Mortgage Corporation, a Corporation
Dated: May 11, 2006
Recorded: 5/18/2006 as Instrument No.06-1102850, Official Records.

11 A Deed of Trust to secure the indebtedness of
Amount: $45,000.00
Trustor: John J. Doe and Jane I. Doe, Husband and Wife as Joint Tenants
Trustee: Apples Title Company
Beneficiary: IndyMac Bank, F.S.B., a Federally Chartered Savings Bank
Dated: August 23, 2007
Recorded: 8/29/2007 as Instrument No. 20072016475, Official Records.

If the above deed of trust is an Equity Line/Line of Credit, prior to close we will require the following:

(a) Evidence that the line of credit has been frozen and no advances have been made after the issuance of the demand for payoff; and.

(b) any remaining checks, passbooks, or credit cards issued in conjunction with the line of credit be surrendered

EXPLANATION PAGE

ITEM 12

Abstract of Judgment: Imposes a lien on this and all other real property now owned or hereafter acquired by the debtor until satisfied or expiration of the liens.

ITEM 13

State and County Liens: For title insurance purposes, these liens are treated as though they were abstracts of judgment. (Before relying upon a release or any subordination, specified statutes should be referred.)

ITEM 14

Federal Tax Liens: Under Federal Law, any revenue tax, unpaid after demand, becomes a lien on all property and rights to property of the person liable. A title company will report federal tax liens not only against the person in title, but against the husband or wife of the person(s) in title - unless the title stood of record as the separate property of the title holder prior to the date when the assessment was made.

ITEM 15

This is the item referenced in Schedule A that affects the vesting of the property.

ITEM 16

This verbiage appears when title to a property is held in a trust and describes the documents the title company will require.

ITEM 17

Statement of Information (Identity): This confidential information statement is used to enable the title officer to eliminate title problems which may arise through similarity of the name of seller and/or buyer with the name of another person against whom there may be judgments, tax liens or other matters affecting property ownership.

ADDITIONAL INFORMATION (NOT SHOWN)

Applicant has requested Orange Coast Title Company (The Company) to issue a preliminary report of the property described herein. Applicant is aware that Title Insurance may be available for the contemplated transaction, but may not request the company to issue or cause to be issued a policy therein. Applicant agrees that this report is issued for the exclusive use of applicant and that said preliminary report is issued pursuant to section 12340.11 of the insurance code of the State of California. By acceptance of this report, applicant understands and agrees that said report is not an abstract of title, nor are any of the rights, duties or responsibilities applicable to the preparation and issuance of an abstract of title applicable to the issuance of this report. This report shall not be construed as, nor constitute, a representation as to the condition of the title to real property, but shall contribute a statement terms and conditions upon which the issuer is willing to issue a title policy, if requested to do so.

12 A judgment for child and/or spousal support as contained in an instrument
Recorded: June 15, 2000 as Instrument No. 00-919925 , Official Records.
Court: Superior Court of California, County of Los Angeles
Case no.: BY0432779
Amount: $(not shown)
In favor of: County of Los Angeles
Against: John Doe

Attorney for judgment creditor or mailing address:
Name: Martin Howell District Attorney
Address: 2934 East Green Avenue, Ste. 100
West Covina, California 91791-000

* Together with any amounts due for past months not previously paid.

If the above judgment is in favor of a district attorney or other public agency then evidence that the payments are current or a satisfaction of judgment must come from said agency

Unless otherwise satisfied it will be necessary to record an Acknowledgement of Satisfaction of Matured Installments in compliance with section 724.250 of Code of Civil Procedure.

13 A lien due the State of California
Department: Franchise Tax Board
Certificate no.: 08029312195
Account no.: 2300094661
Amount: $9,429.39
Taxpayer: John Doe
Recorded: February 15, 2008 as Instrument No. 2008-0273406, Official Records.

14 A lien due the United States of America
Recorded: November 7, 2008 as Instrument No. 08-1976953, Official Records.
Dated: October 29, 2008
Serial no.: 489069908
Against: John Q. Doe
Amount: $2,371.11

15 The effect of a conveyance of said land
From: John J. Doe and Jane I. Doe, as Co-Trustees of the Doe Family Trust dated March 16, 2004, as Instrument No. 2010-1275473, Official Records.
To: Cindy D. Relative

Prior to close of this transaction we will require evidence of the validity of the above conveyance. The documentation appropriate to establish the validity of said conveyance will vary according to circumstances. Therefore this office must be contacted to determine what documentation will be acceptable to this company.

16 The requirement that we be furnished a copy of the Doe Family Trust dated March 16, 2004 and any amendments thereto. A certification of said trust is acceptable if made pursuant to probate code section 18100.5 and qualified as a trust under section 82 of probate code.

17 **The title search has disclosed possible liens and judgments that cannot be eliminated until we receive a completed Statement of Information from John J. Doe and Jane I. Doe. THIS TRANSACTION WILL NOT BE ABLE TO CLOSE UNTIL WE HAVE RESOLVED THESE MATTERS. YOUR PROMPT ATTENTION IS APPRECIATED.**

End Schedule B

5658	8
ALE 1" =	80'

REVISED
2-6-65
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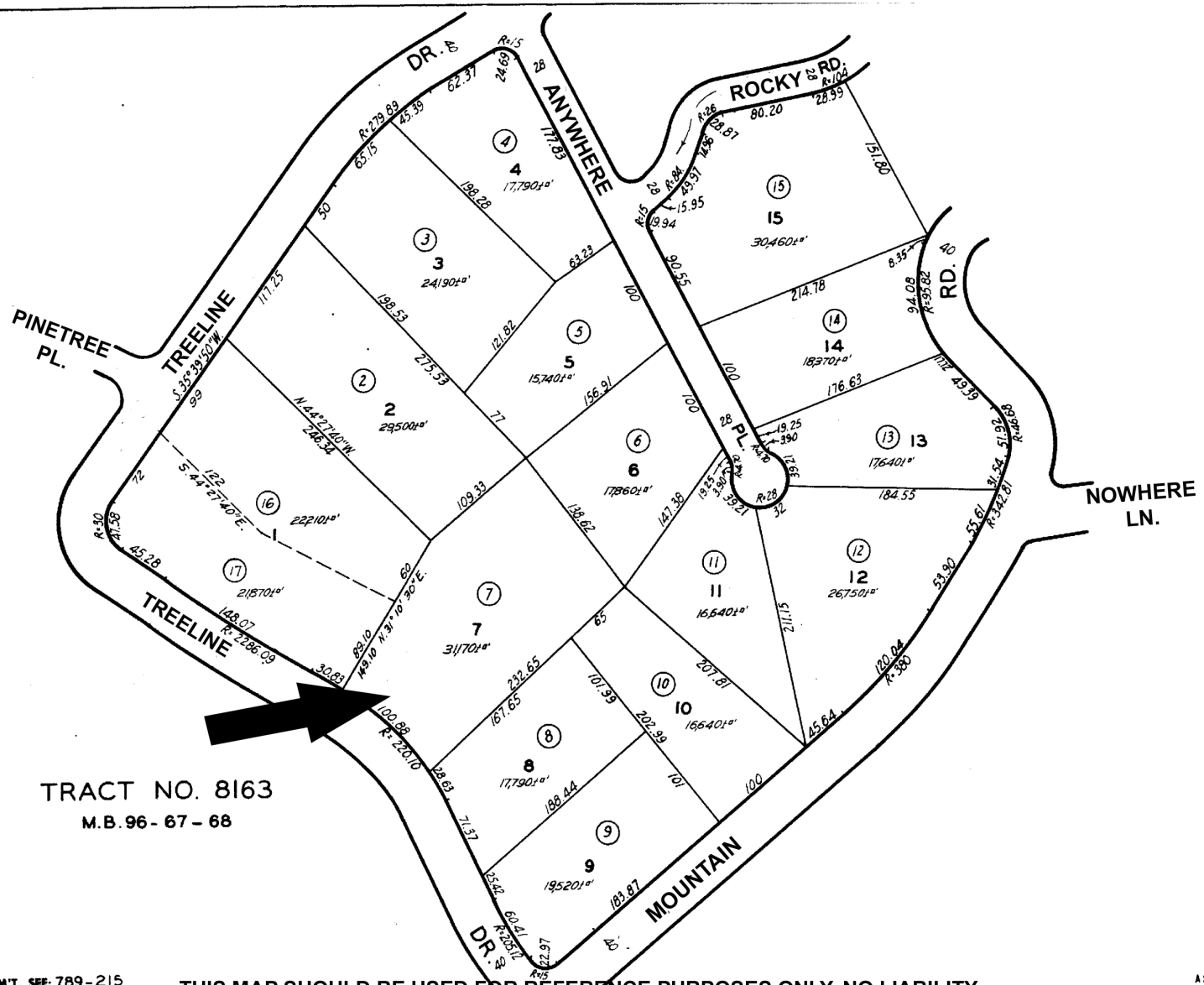
770309



CODE
4782

FOR PREV. ASSM'T. SEE: 789-215

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.