

**Updated**



*First American Title*

## **First American Title Company**

**899 Pacific Street  
San Luis Obispo, CA 93401**

Escrow Officer: Yolanda Whisenand  
Phone: (805)786-2021  
Fax No.: (866)393-4553  
E-Mail: ywhisenand@firstam.com

Title Officer: Marie Christine Allen  
Phone: (805)786-2025  
Fax No.: (866)397-7092  
E-Mail: mcallen@firstam.com

E-Mail Loan Documents to: Lenders please contact the Escrow Officer for email address for sending loan documents.

Buyer: Northwest Trjstee Services  
Property: 625 Juniper Street and 128 Mary Avenue  
Nipomo, CA 93444

### **PRELIMINARY REPORT**

In response to the above referenced application for a policy of title insurance, this 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 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 A 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 A. 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 A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

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

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 June 02, 2016 at 7:30 A.M.

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

ALTA Homeowners (Eagle Owner) Policy and ALTA Standard Loan Policy

A specific request should be made if another form or additional coverage is desired.

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

Craig H. Mally and Louise Hope Stewart, husband and wife as joint tenants with right of survivorship as to an undivided 12/100 interest;

Craig H. Mally, Co-trustee of the Annette M. Mally Revocable Trust dated 11-7-89 as to an undivided 16/100 interest;

Craig H. Mally, Trustee of the Craig H. Mally Revocable Trust as Amended December 1, 1995 as to an undivided 40/100 interest;

Adrienne Patrice Mally, Trustee of the Adrienne Patrice Mally Revocable Trust Dated 5/3/2000 as to an undivided 2/100 interest; and

James Klinghoffer, Trustee of the James Klinghoffer Revocable Trust Dated 10/23/2003 as to an undivided 30/100 interest

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

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

**The Following Matters Affect Parcel 1:**

2. The effect of a map purporting to show the land and other property, filed Book 10, Page 56 of Record of Surveys.

3. An easement for slope and incidental purposes, recorded June 7, 1989 as Instrument No: 89-36908 in Book 3328, Page 172 of Official Records.  
In Favor of: County of San Luis Obispo, a political subdivision of the State of California  
Affects: As described therein
4. The Terms, Provisions and Easement(s) contained in the document entitled "Easement and Agreement Affecting Real Property" recorded February 16, 2007 as Instrument No. 07-10771 of Official Records.
5. An offer of dedication for drainage and incidental purposes, recorded March 6, 2007 as Instrument No. 07-14895 of Official Records.  
To: The public
6. An offer of dedication for drainage and incidental purposes, recorded March 6, 2007 as Instrument No. 07-14896 of Official Records.  
To: The public
7. An offer of dedication for drainage and incidental purposes, recorded March 6, 2007 as Instrument No. 07-14898 of Official Records.  
To: The public
8. An easement for present, future construction, reconstruction, operation, repair, maintenance of water pipe line facilities, utilities and incidental purposes, recorded January 8, 2008 as Instrument No. 08-1015 of Official Records.  
In Favor of: Nipomo Community Services District, a political subdivision of the State of California  
Affects: As described therein

**The Following Matters Affect Parcel 2:**

9. Covenants, conditions, restrictions and easements in the document recorded November 20, 1989 as Instrument No. 89-78290 in Book 3417, Page 260 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or applicable state law. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
10. An easement for a perpetual, permanent and exclusive right to construction, reconstruction, operation, repair and maintenance of roadway excavation and embankment slopes for the lateral and subadjacent support of roads, roadbeds and appurtenances and incidental purposes, recorded November 20, 1989 as Instrument No. 89-78290 in Book 3417, Page 260 of Official Records.  
In Favor of: County of San Luis Obispo  
Affects: As described therein

11. An easement shown or dedicated on the Map as referred to in the legal description  
For: Public utilities and incidental purposes.
12. The following matters shown or disclosed by the filed or recorded map referred to in the legal description: Various notes and recitals
13. The Terms, Provisions and Easement(s) contained in the document entitled "Easement and Agreement Affecting Real Property" recorded February 16, 2007 as Instrument No. 2007-10771 of Official Records.
14. An offer of dedication for drainage and incidental purposes, recorded March 06, 2007 as Instrument No. 2007-14898 of Official Records.  
To: The Public

**The Following Matters Affect BOTH PARCELS:**

15. Any irregularity in the foreclosure proceedings leading up to the Trustee's Deed recorded August 6, 2010 as Instrument No. 10-37511 of Official Records.
16. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
17. Water rights, claims or title to water, whether or not shown by the public records.
18. Rights of parties in possession.

**Prior to the issuance of any policy of title insurance, the Company will require:**

19. With respect to the trust referred to in the vesting:
  - a. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
  - b. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
  - c. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

**INFORMATIONAL NOTES**

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable 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. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2015-2016.

First Installment:	\$8,458.24, PAID
Penalty:	\$0.00
Second Installment:	\$8,458.24, PAID
Penalty:	\$0.00
Tax Rate Area:	052-098
A. P. No.:	092-572-015

(Affects PARCEL 1)

2. General and special taxes and assessments for the fiscal year 2015-2016.

First Installment:	\$2,340.64, PAID
Penalty:	\$0.00
Second Installment:	\$2,340.64, PAID
Penalty:	\$0.00
Tax Rate Area:	052-098
A. P. No.:	092-572-045

(Affects PARCEL 2)

3. The property covered by this report is vacant land.
4. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:  
  
None
5. We find no open deeds of trust. Escrow please confirm before closing.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

**LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of San Luis Obispo, State of California, described as follows:

PARCEL 1: (APN: 092-572-015)

LOT 10 OF STORY'S RESUBDIVISION OF THE SOUTHWESTERLY PART OF LOT NO. 24 OF H. C. WARD'S SUBDIVISION OF THE NIPOMO RANCHO, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THE MAP FILED IN BOOK A OF MAPS, PAGE 20 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

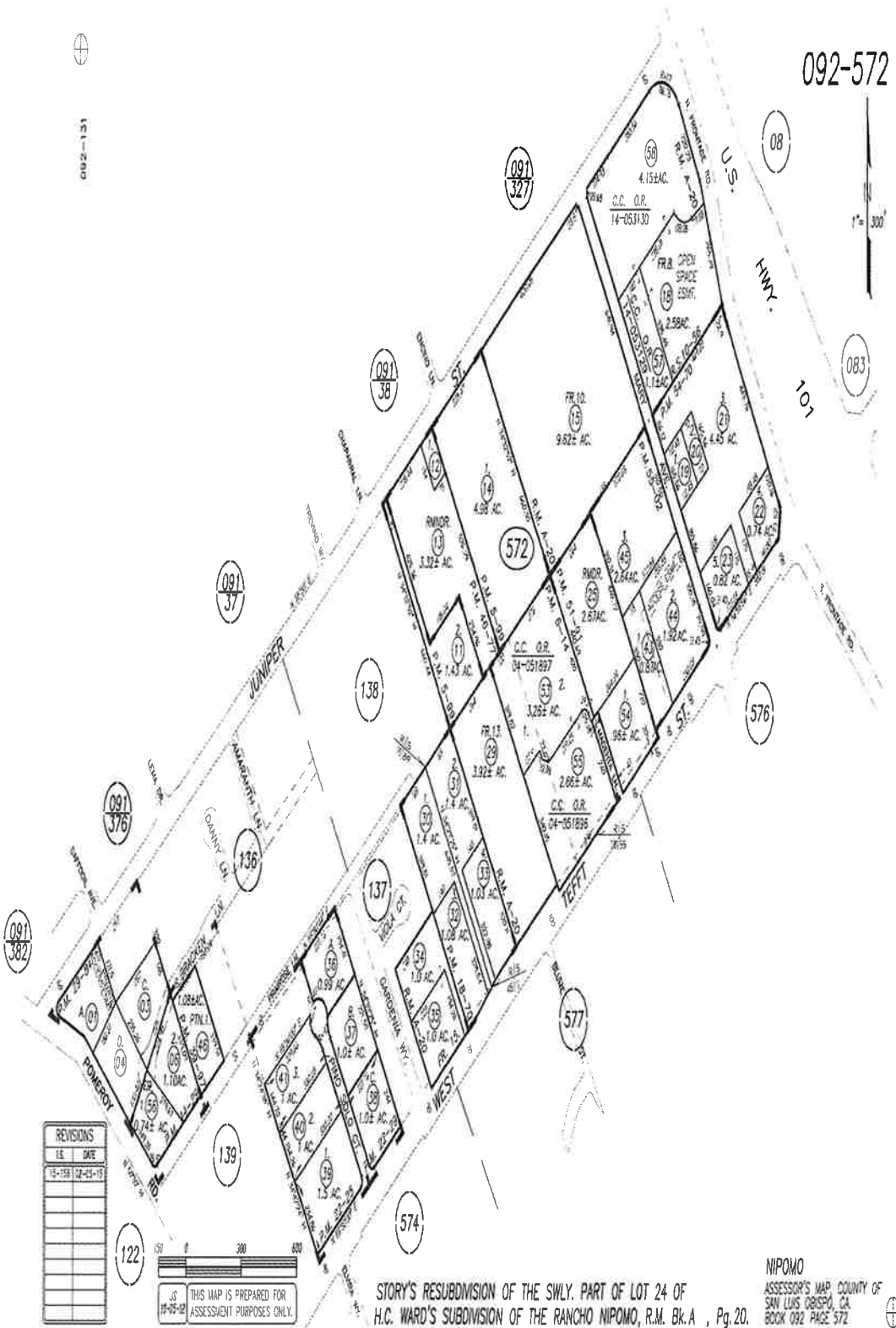
EXCEPTING THEREFROM THAT PART THEREOF LYING NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT; THENCE, SOUTH 55°27'40" WEST 39.95 FEET ALONG THE NORTHWESTERLY LINE OF SAID LOT TO A POINT 39.95 FEET LEFT OF ENGINEER'S STATION 13+50.70 AS SHOWN ON THE PLANS FOR CONSTRUCTION OF UNNAMED ROAD BETWEEN TEFFT STREET AND JUNIPER STREET, NIPOMO, CA, SAID PLANS ARE ON FILE IN THE OFFICE OF THE SAN LUIS OBISPO COUNTY ENGINEER; THENCE, SOUTH 74°12'24" EAST 23.50 FEET TO A POINT 25.00 FEET LEFT OF ENGINEER'S STATION 13+32.57 AS SHOWN ON SAID PLANS; THENCE SOUTH 34°42'24" EAST 641.94 FEET ALONG A LINE PARALLEL TO THE CENTERLINE OF THE UNNAMED ROAD AS SHOWN ON SAID PLANS TO THE SOUTHEASTERLY LINE OF SAID LOT.

PARCEL 2: (APN: 092-572-045)

PARCEL 3 OF PARCEL MAP CO 99-0115, RECORDED JULY 23, 2000 IN BOOK 55, PAGE 2 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

092-572



REVISIONS	
RE	DATE
15-158	02-25-15

THIS MAP IS PREPARED FOR ASSESSMENT PURPOSES ONLY.

STORY'S RESUBDIVISION OF THE SWLY. PART OF LOT 24 OF H.C. WARD'S SUBDIVISION OF THE RANCHO NIPOMO, R.M. Bk. A , Pg. 20.

NIPOMO  
ASSESSOR'S MAP, COUNTY OF SAN LUIS OBISPO, CA  
BOOK 092 PAGE 572



***NOTICE***

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.



*First American Title*

First American Title Company  
899 Pacific Street  
San Luis Obispo, CA 93401  
(805)786-2021

**INCOMING DOMESTIC WIRE INSTRUCTIONS**

PAYABLE TO: First American Title Company  
BANK: First American Trust, FSB  
ADDRESS: 5 First American Way, Santa Ana, CA 92707  
ACCOUNT NO: 3007490000  
ROUTING NUMBER: 122241255

PLEASE REFERENCE THE FOLLOWING:

PROPERTY: 625 Juniper Street and, 128 Mary Avenue, Nipomo, CA 93444  
FILE NUMBER: 4009-5029908 (YW)

PLEASE USE THE ABOVE INFORMATION WHEN WIRING FUNDS TO **First American Title Company. FUNDS MUST BE WIRED FROM A BANK WITHIN THE UNITED STATES.** PLEASE NOTIFY YOUR ESCROW OFFICER AT **(805)786-2021** OR **ywhisenand@firstam.com** WHEN YOU HAVE TRANSMITTED YOUR WIRE.

IF YOUR FUNDS ARE BEING WIRED FROM A NON-U.S. BANK, ADDITIONAL CHARGES MAY APPLY. PLEASE CONTACT YOUR ESCROW OFFICER/CLOSER FOR INTERNATIONAL WIRING INSTRUCTIONS.

AN ACH TRANSFER CANNOT BE ACCEPTED FOR CLOSING, BECAUSE IT IS NOT THE SAME AS A WIRE AND REQUIRES ADDITIONAL TIME FOR CLEARANCE.

**FIRST AMERICAN TRUST CONTACT INFO:** Banking Services 1-877-600-9473

**ALL WIRES WILL BE RETURNED IF THE FILE NUMBER AND/OR PROPERTY REFERENCE ARE NOT INCLUDED**

With cyber crimes on the increase, it is important to be ever vigilant. If you receive an e-mail or any other communication that appears to be generated from a First American employee that contains new, revised or altered bank wire instructions, consider it suspect and call our office at a number you trust. Our bank wire instructions seldom change.

**EXHIBIT A  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)  
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; (d) improvements on the Land;
  - (b) zoning; (e) land division; and
  - (c) land use; (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.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

**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.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
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 \$2,500.00 (whichever is less)	\$5,000.00

**ALTA 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:
  - (a) and use
  - (b) improvements on the land
  - (c) and division
  - (d) 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) a notice of exercising the right appears in the public records on the Policy Date
  - (b) 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:
    - (a) that are created, allowed, or agreed to by you
    - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
    - (c) that result in no loss to you
    - (d) 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:
    - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
    - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

### **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).

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.
6. Any lien or right to a lien for services, labor or material not 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 or 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 the 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.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)**  
**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, 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.
9. 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 27(b) of this policy.



## First American Title

### Privacy Information

#### We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

#### Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

#### Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

#### Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

#### Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

#### Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

#### Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

#### Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

#### Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

[FirstAm.com](http://FirstAm.com) uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

#### Fair Information Values

**Fairness** We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

**Public Record** We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

**Use** We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

**Accuracy** We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

**Education** We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

**Security** We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

**JULIE RODEWALD**  
San Luis Obispo County – Clerk/Recorder  
Recorded at the request of  
**Pasion Title Services**

AB  
8/06/2010  
10:23 AM

DOC#: 2010037511

Titles: 1 Pages: 4



Fees	23.00
Taxes	0.00
Others	1.00
PAID	\$24.00

Recording requested by:

When recorded mail to and mail tax statements to:

Craig Mally  
2614 Foothill Lane  
Santa Barbara, CA 93105

RECORDING REQUESTED BY  
FIRST AMERICAN TITLE COMPANY  
AS AN ACCOMMODATION ONLY

Space above this line for recorder's use only

File No. 8233.20001

Title Order No. 3773931

MIN No.

### TRUSTEE'S DEED UPON SALE

APN: 092-572-015 AND 092-572-045

**EXTRA INDEXING**

The undersigned grantor declares:

- 1) The grantee herein **WAS** the foreclosing beneficiary.
- 2) The amount of the unpaid debt together with costs was: \$7,884,142.13
- 3) The amount paid by the grantee at the trustee sale was: \$3,500,000.00
- 4) The documentary transfer tax is: none
- 5) Said property is in: the County of San Luis Obispo

And **Northwest Trustee Services, Inc.**, (herein called Trustee), as the duly appointed Trustee under the Deed of Trust hereinafter described, does hereby grant and convey, but without warranty, express or implied to

**SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF**

(herein called grantee), all of its right, title and interest in and to that certain property situated in the County of **San Luis Obispo**, State of **California**, and described as follows:

**See Exhibit "A" attached and made a part hereof**

**RECITALS:**

This conveyance is made pursuant to the powers conferred upon Trustee by that certain Deed of Trust dated **04/26/07**, executed by **NIPOMO BUSINESS PARK, A CALIFORNIA LIMITED PARTNERSHIP, BY LANDEV LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION AND GEORGE NEWMAN AND NANCY NEWMAN, HUSBAND AND WIFE AS JOINT TENANTS**, as Trustor, to secure certain obligations in favor of **SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF** as beneficiary, recorded **05/01/07**, as Instrument No. **2007029391** of Official Records in the Office of the Recorder of **San Luis Obispo** County, California, and after fulfillment of the conditions specified in said Deed of Trust authorizing this conveyance.

Default occurred as set forth in a Notice of Default and Election to Sell which was recorded in the office of the Recorder of said County.



All requirements of law regarding the mailing of copies of notices or the publication of a copy of the Notice of Default or the personal delivery of the copy of the Notice of Default and the posting and publication of copies of the Notice of Sale have been complied with.

Said property was sold by said Trustee at public auction on **July 21, 2010** at the place named in the Notice of Sale, in the County of **San Luis Obispo**, California, in which the property is situated. Grantee, being the highest bidder at such sale, became the purchaser of said property and paid therefore to said trustee the amount being **\$3,500,000.00** in lawful money of the United States, or by the satisfaction, pro tanto, of the obligations then secured by said Deed of Trust.

Date: 08/02/10

**NORTHWEST TRUSTEE SERVICES, INC.**

By:   
Janet Block, Authorized Signatory

State of California    )  
County of Orange    )

On 8/2/2010 before me, **Greg Oerlemans, Notary Public**, personally appeared **Janet Block**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: 



**THIS OFFICE IS ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.**

**EXHIBIT "A"**

**THE LAND REFERRED TO IN THIS GUARANTEE IS SITUATED IN THE STATE OF CALIFORNIA, (UNINCORPORATED AREA), COUNTY OF SAN LUIS OBISPO AND IS DESCRIBED AS FOLLOWS:**

**PARCEL 1: LOT 10 OF STORY'S RESUBDIVISION OF THE SOUTHWESTERLY PART OF LOT NO. 24 OF H. C. WARD'S SUBDIVISION OF THE NIPOMO RANCHO, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THE MAP FILED IN BOOK A OF MAPS, PAGE 20 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

**EXCEPTING THEREFROM THAT PART THEREOF LYING NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:**

**BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT; THENCE, SOUTH 55°27'40" WEST 39.95 FEET ALONG THE NORTHWESTERLY LINE OF SAID LOT TO A POINT 39.95 FEET LEFT OF ENGINEER'S STATION 13+50.70 AS SHOWN ON THE PLANS FOR CONSTRUCTION OF UNNAMED ROAD BETWEEN TEFFT STREET AND JUNIPER STREET, NIPOMO, CA, SAID PLANS ARE ON FILE IN THE OFFICE OF THE SAN LUIS OBISPO COUNTY ENGINEER.; THENCE, SOUTH 74°12'24" EAST 23.50 FEET TO A POINT 25.00 FEET LEFT OF ENGINEER'S STATION 13+32.57 AS SHOWN ON SAID PLANS; THENCE SOUTH 34°42'24" EAST 641.94 FEET ALONG A LINE PARALLEL TO THE CENTERLINE OF THE UNNAMED ROAD AS SHOWN ON SAID PLANS TO THE SOUTHEASTERLY LINE OF SAID LOT.**

**PARCEL 2: PARCEL 3 OF PARCEL MAP CO 99-0155, RECORDED JULY 23, 2000 IN BOOK 55, PAGE 2 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

TS Number: 8233.20001

**EXHIBIT "B"**

Craig H. Mally and Louise Hope Stewart, husband and wife as joint tenants with right of survivorship as to an undivided 12/100 interest,

Craig H. Mally, Co-trustee of the Annette M. Mally Revocable Trust dated 11-7-89 as to an undivided 16/100 interest,

Craig H. Mally, Trustee of the Craig H. Mally Revocable Trust as Amended December 1, 1995 as to an undivided 40/100 interest,

Adrienne Patrice Mally, Trustee of the Adrienne Patrice Mally Revocable Trust dated 5/3/2000 as to an undivided 2/100 interest; and

James Klinghoffer, Trustee of the James Klinghoffer Revocable Trust dated 10/23/2003 as to an undivided 30/100 interest.

END OF DOCUMENT