

POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

SUBJECT TO SCHEDULE B AND THE CONDITIONS AND STIPULATIONS HEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures the insured, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by said insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Unmarketability of such title; or
4. Any lack of the ordinary right of an abutting owner for access to at least one physically open street or highway if the land, in fact, abuts upon one or more such streets or highways;

and in addition, as to an insured lender only:

5. Invalidity of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
6. Priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority; or
7. Invalidity of any assignment of the insured mortgage, provided such assignment is shown in Schedule B.

IN WITNESS WHEREOF, First American Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.



First American Title Insurance Company

BY

PRESIDENT

ATTEST

SECRETARY

the Company for such insured, and all costs and attorneys' fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When the amount of loss or damage has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. LIMITATION OF LIABILITY

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily admitted or assumed by an insured without prior written consent of the Company.

8. REDUCTION OF INSURANCE; TERMINATION OF LIABILITY

All payments under this policy, except payment made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, if the owner of the indebtedness secured by the insured mortgage is an insured hereunder, then such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2 (a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder as to any such insured, except to the extent that such payments reduce the amount of the indebtedness secured by such mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured owner of the indebtedness secured by the insured mortgage, except as provided in paragraph 2 (a) hereof.

9. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy, as to the insured owner of the estate or interest covered by this policy, shall be reduced by any amount the Company may pay under any policy insuring (a) a mortgage shown or referred to in Schedule B hereof which is a lien on the estate or interest covered by this policy,

or (b) a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy. The Company shall have the option to apply to the payment of any such mortgage any amount that otherwise would be payable hereunder to the insured owner of the estate or interest covered by this policy and the amount so paid shall be deemed a payment under this policy to said insured owner.

The provisions of this paragraph 9 shall not apply to an owner of the indebtedness secured by the insured mortgage, unless such insured acquires title to said estate or interest in satisfaction of said indebtedness or any part thereof.

10. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have paid or settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by such insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and the Company is hereby authorized and empowered to sue, compromise or settle in its name or in the name of the insured to the full extent of the loss sustained by the Company. If requested by the Company, the insured shall execute any and all documents to evidence the within subrogation. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to an insured mortgage. If loss should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall as to such insured claimant be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. LIABILITY LIMITED TO THIS POLICY

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby, or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsement hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

12. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its home office at 421 North Main Street, Santa Ana, California, 92701, or to the office which issued this policy.

SCHEDULE A

Total Fee for Title Search, Examination
and Title Insurance \$ 335.00

Amount of Insurance: \$ 55,000.00

Policy No. B1-1143085
F.A. Son 66543-KAO

Date of Policy: October 21, 1985 at 8:00 a.m.

1. Name of Insured:

THE STATE OF CALIFORNIA

2. The estate or interest referred to herein is at Date of Policy vested in:

THE STATE OF CALIFORNIA

3. The estate or interest in the land described in Schedule C and which is covered by this policy is:

A FEE AS TO PARCELS ONE, TWO AND THREE AND AN EASEMENT AS
TO PARCEL TWO-A

SCHEDULE B

This policy does not insure against loss or damage, nor against costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

Part One:

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 by making inquiry of 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.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule C, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
8. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records.
9. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not shown by the public records and not otherwise excluded from coverage but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (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 been a purchaser or encumbrancer for value without knowledge.

Part Two:

- 1st Any private easement of land owner in the vicinity, over the herein described property, over which the public easement has been abandoned.
- 2nd The effect of a Record of Survey, filed in Book 96 of Maps, page 34, Sonoma County Records.

SCHEDULE C

The land referred to in this policy is situated in the State of California,
County of Sonoma, and is described as follows:

PARCEL ONE:

COMMENCING at a 1-1/2" iron pipe monument in a mound of stones marking the Southeast corner of the Northwest 1/4 of the Southeast 1/4, Section 23, T. 7 N., R. 10 W., M.D.B. & M.; thence North 0°05'40" East, 980.3 feet to a 1/2" iron pipe monument, tagged L.S. 2297, marking the Northeast corner of the 10 acre parcel described in Book 1860 of Official Records, page 958, and being the point of beginning of the parcel of land herein described, and from which point a 1/2" iron pipe monument, tagged RE 2227 bears North 34°53' West, 65.34 feet distant; thence from said 1/2" iron pipe monument, tagged LS 2297, North 0°05'40" East, 339.70 feet to a 1/2" iron pipe monument in the 1/4 section line of Section 23, above described and from which point a 1/2" iron pipe monument tagged RE 2227 bears North 52°30' West, 50.60 feet; thence North 89°43' West along said 1/4 section line of said Section 23, 88.7 feet to a 1/2" iron pipe monument, tagged L.S. 2297; thence leaving said 1/4 section line, South 0°05'40" West, 339.7 feet to a 1/2" iron pipe monument, tagged L.S. 2297 marking the Northwest corner of the 10 acre parcel of land described in Book 1860 of Official Records, page 956; thence South 89°43' East, along the Northerly line of said parcel and the Northerly line of the 10 acre parcel as described in Book 1860 of Official Records, page 958, 888.7 feet to the point of beginning.

Bearings true, based on an observation of Polaris. Distances between monuments approaching U.S.C. & G. standards for Third Order Surveys.

A.P. No. 75-010-15

PARCEL TWO:

Being the parcel of land in the Southeast 1/4 of Section 23, T. 7 N., R. 10 W., M.D.B. & M., previously described in Book 1860 of Official Records, page 958, Sonoma County Records and corrected to true bearings based on an observation of Polaris on the East line of said parcel to check the bearings established by L.S. 2297 in 1946.

BEGINNING at a 1-1/2" iron pipe monument in a mound of stones marking the Southeast corner of the Northwest 1/4 of the Southeast 1/4 of Section 23, set by the father of Ed Peugh, later County Surveyor of Sonoma County in 1902 and locally accepted as the true Southeast 1/16 corner of said Section 23; thence from said 1-1/2" iron pipe monument, along the Northerly line of the parcel of land described in Book 510 of Official Records, page 539, Sonoma County Records, North 89°43' West at 187.5 feet, a 1/2" line pipe set, at 444.35 a 1/2" iron

pipe monument marking the Southwest corner of said 10 acre parcel, from which a 1/2" iron pipe tagged RE 2227 bears North 74°44' East, 3.72 feet; thence along the East line of the Foote parcel, Book 1860 Official Records, page 56, North 0°05'40" East at 316.9 feet to a 1/2" line pipe, at 666.2 feet to a 1/2" line pipe, at 980.30 feet, a 1/2" iron pipe monument marking the Northwest corner of said 10 acre parcel, being the Northeast corner of said Foote parcel, from which a 1/2" iron pipe tagged RE 2227, bears North 24°18' West, 39.65 feet; thence South 89°43' East, 444.35 feet to a 1/2" iron pipe monument, from which a 1/2" iron pipe tagged RE 2227 bears North 34°53' West, 65.34 feet; thence South 0°05'40" West, 293.3 feet to a 1/2" line pipe; at 806.3 feet to a 1/2" line pipe; at 980.3 feet, the point of beginning. All 1/2" iron pipe monuments set are tagged LS 2297. The closure of the survey in bearing and distance meets the requirements of Third Order, U.S.C. & Geodetic Survey.

PARCEL TWO-A:

A right of way 20 feet wide along the Southerly line of the Ballard Tract, the Southerly line of which is North 89°43' West, 444.35 feet from the Southwest corner of the above described parcel; thence over a 40 foot road easement, extending from the Western end of said 20 foot right of way, the Easterly line of which is South 42°89' West, 135 feet to a point in the center of Stoetz Lane.

A.P. No. 75-010-13

PARCEL THREE:

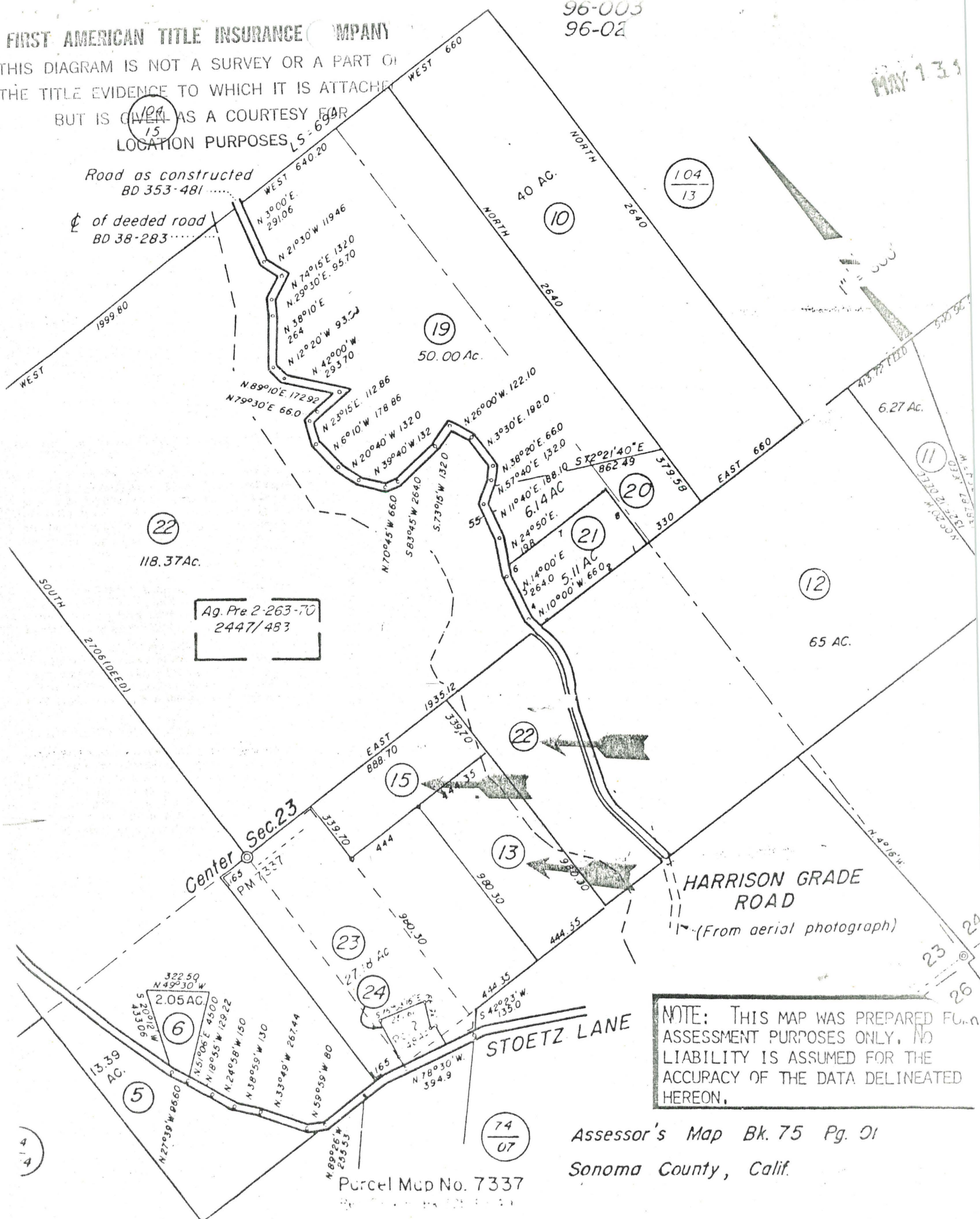
All that portion of the Northeast 1/4 of the Southeast 1/4 of Section 23, in T. 7 N., R. 10 W., M.D.M., lying West of the West right of way line of Harrison Grade Road, as shown upon Map of Record of Survey, recorded January 16, 1964 in Book 96 of Maps, page 34, Sonoma County Records.

EXCEPTING THEREFROM that portion described in Deed to the County of Sonoma, recorded November 17, 1977 in Book 3318, page 364, Sonoma County Records.

A.P. No. 74-030-22

96-003
96-02

MM 135



Assessor's Map Bk. 75 Pg. 21
Sonoma County, Calif.