

FINANCIAL TITLE COMPANY

PRELIMINARY REPORT

Access Financial
Attn: Mindy Pengilly
1321 Laurel St. Suite B
San Carlos, CA 94070

Branch:
520 S. El Camino Real #150
San Mateo, CA 94402
Phone: (650) 696-1600 Fax: (650) 696-1660
Contact: **Katie Berggren/erp /lca**
Escrow Contact:

Property Address:
3323 Benton, Street
Santa Clara, CA 95051

Order Number: 45083306-593-KB2

Other Reference:

Buyer/Borrower:

In response to the above referenced application for a policy of title insurance, this Company 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 herein 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 of said Policy or Policies are set forth in Exhibit A attached.

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 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.

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

Eagle Owner's and ALTA Lender's Policy

Dated as of **November 16, 2007** at 7:30 a.m.

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

A condominium as defined in Section 783 of the Civil Code in Fee

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

GABRIEL R. CASTREJON AND ELIZABETH V. CASTREJON, HUSBAND AND WIFE

LEGAL DESCRIPTION

The land referred to in this Report is described as follows:

All that certain real property situated in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

A CONDOMINIUM COMPRISED OF:

PARCEL ONE:

UNIT NO. 6, LOCATED BUILDING NO. 10, ALSO KNOWN AS 3323 BENTON STREET, AS SHOWN IN THAT CERTAIN MAP ENTITLED, "TRACT NO. 4854, POMEROY WEST TOWNHOUSE CONDOMINIUM", RECORDED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA COUNTY, CALIFORNIA, ON JUNE 12, 1970 IN BOOK 269 OF MAPS, AT PAGE 11 THROUGH 32, WHICH MAP CONTAINS OWNER'S CERTIFICATE REQUIRED PURSUANT TO SECTION 1351 (1) (11) OF THE CIVIL CODE OF THE STATE OF CALIFORNIA AND THE FOLLOWING EXCLUSIVE AND NON-EXCLUSIVE APPURTENANT EASEMENTS.

THE APPURTENANT EASEMENTS REFERRED TO ABOVE ARE:

1. AN EXCLUSIVE EASEMENT TO USE THE ENCLOSED PATIO AND/OR PATIOS ADJACENT TO THE AFOREMENTIONED DESCRIBED UNIT.
2. A NON-EXCLUSIVE EASEMENT FOR ALL WALK-WAYS AND PUBLIC SPACE AREAS.
3. AN EXCLUSIVE EASEMENT FOR CARPORT SPACE AND STORAGE SPACE CONTIGUOUS TO THE FAMILY UNIT.

PARCEL TWO:

TOGETHER WITH AN UNDIVIDED .75896 PERCENT INTEREST IN THE COMMON AREA OF SAID CONDOMINIUM PROJECT AS SHOWN UPON THAT CERTAIN MAP REFERRED TO IN PARCEL ONE ABOVE.

APN: 290-47-056

ARB: 290-47-56

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

EXCEPTIONS:

1. General and special taxes and assessments for the fiscal year 2007-2008.

First Installment: \$3,088.28 Open
Second Installment: \$3,088.28 Open
Tax Rate Area: 07-014
A. P. No.: 290-47-056
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. Easement(s) for utilities, support, repair, the right of use and enjoyment and incidents thereto, as shown on the filed Map and/or contained in various Instruments of Record.
Affects: The Common Area
4. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded June 30, 1979 as in Book 8970, Page 577 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 Section 12955 of the California Government Code. 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.

Document(s) declaring modifications thereof recorded March 1, 1990 as in Book L274, Page 891 of Official Records.
5. Inquiry should be made of the Pomeroy West Condominium Homeowners Association.
6. A deed of trust to secure an original indebtedness of \$464,000.00 recorded April 10, 2006 as Series No. 18878546 of Official Records.

Dated: March 24, 2006
Trustor: Gabriel R. Castrejon and Elizabeth V. Castrejon, husband and wife as joint tenants
Trustee: Foundation Conveyancing, LLC
Beneficiary: Mortgage Electronic Registration Systems, Inc.
Lender: Paul Financial, LLC

7. A deed of trust to secure an original indebtedness of \$116,000.00 recorded April 10, 2006 as Series No. 18878547 of Official Records.

Dated: March 24, 2006

Trustor: Gabriel R. Castrejon and Elizabeth V. Castrejon, husband and wife as joint tenants

Trustee: Foundation Conveyancing, LLC

Beneficiary: Mortgage Electronic Registration Systems, Inc.

Lender: Paul Financial, LLC

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.

Occasionally, due to certain market conditions, it may not be possible to deliver policies of title insurance in a time frame that our clients request. Should you have individual needs please contact the title operation that issued this report. We recognize, appreciate and understand your needs.

- a. STR applies: Yes
- b. 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.
- c. If this company is requested to disburse funds in connection with this transaction, Chapter 598 of 1989 Mandates of the California Insurance Code requires hold periods for checks deposited to escrow or sub-escrow accounts. Such periods vary depending upon the type of check and anticipated methods of deposit should be discussed with the escrow officer.
- d. No endorsement issued in connection with the policy and relating to covenants, conditions or restrictions provides coverage for environmental protection.
- e. Our investigation has been completed and the improvements located on the land described herein is a Condominium known as **3323 Benton, Santa Clara, CA 95051**.

At the close of escrow, an ALTA Lenders Policy of Title Insurance will be issued with 100 and 116 series Endorsements.

- f. If the land is an improved residential lot on which there is located a one-to-four family residence and each insured buyer is a natural person, and unless otherwise directed, we will issue the extended coverage CLTA Homeowners Policy of Title Insurance (6/2/98).
- g. 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:

h. A document recorded April 10, 2006 as Series No. 18878545 of Official Records.

From: Richard H. Ballou and Reasa Ballou, husband and wife
To: Gabriel R. Castrejon and Elizabeth V. Castrejon, husband and wife

This order was generated by Financial Title Company. All questions and recordings should be directed to:

3130 Crow Canyon Place, Suite 300
San Ramon, CA 94583
Phone No.: (925) 242-5600
Fax No.: (925) 328-1546

EXHIBIT "A"

LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

CLTA Preliminary Report Form
(Rev. 6/98)

CLTA PRELIMINARY REPORT FORM LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY FORM - 1990 AND CALIFORNIA LAND TITLE ASSOCIATION HOMEOWNER'S POLICY - EAGLE (6/2/98) EXCLUSIONS FROM COVERAGE

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 of violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protectionThis Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
4. Risks:
 - a. that are created, allowed or agreed to by you, whether or not they appear in the Public Records;
 - b. that are known to you at the Policy Date, but not to us, unless they 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.

2. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 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.

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.

EXHIBIT "A" - CONTINUED

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

The above policy forms 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 General Exceptions:

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.
2. 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.
3. 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.
4. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
5. 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.
6. (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), (c) are shown by the public records.

FINANCIAL TITLE COMPANY

Notice of Opportunity to Earn Interest

You have the opportunity to earn interest on the funds you deposit with us by instructing us to deposit your funds into an interest bearing account. (You do not have an opportunity to earn interest on any funds deposited by a lender.) If you elect to earn interest, there is an additional fee in the amount of \$50.00 for establishing and maintaining such an account. It is important that you consider this cost as it may exceed the actual interest you earn.

Example: A regular savings deposit of \$1,000.00 at an average interest rate of 3.0%* per annum for a 30 day period:

<u>Deposit</u>	x	<u>Rate</u>	÷	<u>Annual</u>	x	<u>Days</u>	=	<u>Total Interest Earned</u>
\$1,000.00	x	.03	÷	360	x	30	=	\$2.50

PLEASE READ THE FOLLOWING CAREFULLY:

A. If you do not want to have your funds deposited into an interest bearing account, please initial this paragraph and return this Notice and such will constitute an instruction to us that your funds be deposited into Financial Title Company's general escrow account. Likewise, non-receipt of this form will also constitute an instruction to us that your funds be deposited into Financial Title Company's general escrow account. For important information regarding the general escrow accounts, please read the disclosure in Paragraph C below. **Initials:** _____

B. If you elect to have your funds earn interest in an interest bearing account using Financial Title Company's depository bank, you **MUST** sign this form, below, and return to Financial Title Company. In addition, you will also need to execute a W-9 and Interest Bearing Account Authorization form, which you can obtain by requesting from your Financial Title Company representative. Please Note – all aforementioned forms are required in our possession before your account can be opened and any interest can be accrued. Please be advised that you will be responsible for reporting all earnings to the applicable taxing authorities.

C. Should you not elect to earn interest on your deposit, your funds will be deposited into our general escrow account at a financial institution insured by the FDIC. The general escrow account is restricted and protected against claims by third parties or creditors of Financial Title Company. This is a non-interest bearing account; however, Financial Title Company, may receive certain financial benefits from that financial institution because of the general escrow account and its on-going banking relationship. These benefits may include, without limitation, credits allowed by such financial institution on loans to Financial Title Company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. We do not have an obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by Financial Title Company. Any such benefits shall be deemed additional compensation of Financial Title Company for its services in connection with the escrow.

ELECTION TO EARN INTEREST:

I HEREBY AUTHORIZE AND DIRECT FINANCIAL TITLE COMPANY TO OPEN AN INTEREST BEARING ACCOUNT AT FINANCIAL TITLE COMPANY'S DEPOSITORY BANK AND TO CHARGE THE ADDITIONAL FEE FOR THIS SERVICE.

SIGNATURE: _____

DATE: _____

SIGNATURE: _____

DATE: _____

* Please note that this interest rate is only an example and Financial Title Company does not guaranty the availability of any specific rate.

Dated: November 26, 2007

Escrow No.: 45083306-593-KB2

**TRACT NO. 4854
CONDOMINIUM MAP
POMEROY WEST TOWNHOUSE CONDOMINIUM**

A CONDOMINIUM PROJECT
BEING A PORTION OF PARCEL "A" AS SHOWN UPON RECORD OF SURVEY
FILED FOR RECORD IN BDDK 167 OF MAPS AT PAGE 1
LYING WITHIN THE CITY OF SANTA CLARA

SCALE: 1" = 40'

JUNE, 1970

KIRKER, CHAPMAN & ASSOCIATES
CONSULTING CIVIL ENGINEERS
SAN FRANCISCO CALIFORNIA

DASH OF DASHES: NORTHERLY BOUNDARY OF RECORD OF SURVEY BOOK 167 MAPS PAGE 1.

"The information on this plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy report or guarantee to which it may be attached."

LEGEND:

- ① BUILDING NO.
- ④ SEE SHEET NO.

BLUE BORDER INDICATES TRACT BOUNDARY
⊙ FOUND EXISTING MONUMENT.

