

TITLE & ESCROW

**HOW TO
READ A
PRELIMINARY
REPORT**

Compliments of



**CORINTHIAN
TITLE COMPANY**



TITLE & ESCROW SERVICES FOR EVERY LEVEL OF REAL ESTATE...

Corinthian Title Company is locally owned and operated in California, and is currently licensed to issue policies of title insurance in 28 California counties:

Alameda, Contra Costa, El Dorado, Fresno, Kern, Kings, Los Angeles, Marin, Merced, Napa, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Solano, Sonoma, Stanislaus, Tulare, Ventura & Yolo

We have attracted the best title and escrow professionals in the industry and as a result have developed a reputation for providing the very best service and products in the market place.

Corinthian Title Company ownership, management and employees embrace a "back to basics" approach to providing products and services to our clients. We also embrace technology and have developed and introduced exciting new products, many of which are a first to the industry. One such product is "PRELIM ADVANTAGE" which provides hyper links to all items reflected in a resale or commercial preliminary title report, a first in the industry.

We are also proud to say that all products and services are produced here in the California area. We do not offshore our products and services like many of our competitors. This allows us to provide a fast and accurate product tailored to the needs of the client. It also gives back to our community and local economy by providing jobs here in California where they are needed.

Corinthian Title Company and it's employees are committed to providing the very best customer service and products in the title and escrow industry!



How to Read a Preliminary Report

- 1) VESTED OWNERS NAME**
 - Are the names the same as shown on the purchase agreement, deposit receipt, and application?
 - Have all parties executed and approved the purchase agreement?
- 2) TYPE OF ESTATE OR INTEREST**
 - Fee Title, condominium or other (leasehold or equitable).
- 3) PRINTED EXCEPTIONS**
 - Current taxes, supplemental taxes due to recent reassessment, lien for future supplemental taxes, sale to state for unpaid delinquent taxes and/or bonds.
- 4) EASEMENTS**
 - Understand the type and location of all easements.
 - Don't hesitate to ask your escrow officer or title officer for a copy of the recorded easements.
- 5) COVENANTS, CONDITIONS AND RESTRICTIONS**
 - Declaration by owners of any subdivision prior to sale describing property restrictions and agreements said property and future owners.
 - Copies of all recorded CC&R's are available upon request.
- 6) DEEDS OF TRUST**
 - All existing loans against the property or the existence of any paid off loans, which have not yet been reconveyed of record.
- 7) NOTICE OF DEFAULT**
 - Alerts all parties of an existing foreclosure proceeding.
- 8) STATE OR FEDERAL TAX LIENS, JUDGEMENTS AND BANKRUPTCY**
 - Any court proceedings affecting the seller and/or the property therein.
- 9) LEGAL DESCRIPTION**
 - A method of geographically identifying a parcel of land, by lot and block or metes and bounds.
 - Also discloses assessors parcel number and joint plant number.
- 10) PLAT MAP**
 - Describes a lot size, location of easements and identifies street name and nearest intersection.

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What is a Preliminary Report?

A **Preliminary Title Report** is a signed and dated formal report which sets out in detail the condition of title on a particular parcel of land.

Within a short time after a title order has been opened, copies of recorded documents, which set forth all of the existing matters relative to the title of the subject property; have been assembled in the search package and examined by a skilled technician. The result of this examination is the Preliminary Title Report that is prepared and sent to the customer. The report reflects the current condition of title of the subject property so those parties to the transaction will become aware of all matters of record that affect the title. The report is issued before any policy of title insurance, hence the name Preliminary Title Report.

Those matters shown in the report are as follows:

- The estate or interest covered
- The vested owner of the estate or interest
- A description of the land involved
- The exceptions, liens and encumbrances which affect the land at the date of time of the report

The investigation of title includes matters contained in the public records and, depending upon the type of final policy that is issued, certain off record matters that may be disclosed by an inspection of the subject property.



CORINTHIAN TITLE COMPANY

5030 Camino De La Siesta #100
San Diego, CA 92108 • (619) 299-4800

as Agent for Old Republic National Title Insurance Company

CORINTHIAN TITLE & ESCROW
5030 CAMINO DE LA SIESTA, STE 100
SAN DIEGO, CA 92108
ATTN: SHERRIE SUANICO

ORDER NO.: 00004-AF

PROPERTY: 1234 TITLE AVENUE, SAN DIEGO, CA
92108



PRELIMINARY REPORT

In response to the above referenced application for a Policy of Title Insurance, Corinthian Title Company, Inc. 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 referenced to as an Exception on Schedule B 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 Limits 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 thereto) 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 November 16, 2015 at 7:30am

Title Officer: Adam Fukushima
Title Officer Phone: 619-299-4800
Title Officer Fax: 619-872-9333
Title Officer Email: TeamAdam@CorinthianTitle.com

Corinthian Title Company, Inc.

ORDER NUMBER: 00004-AF

BY



Authorized Signatory

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:

ALTA Homeowner's Policy of Title Insurance for a One-to-Four Family Residence (12/02/13)
ALTA Loan Policy (6-17-06)

SCHEDULE A

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 California Civil Code, in Fee Simple.

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

BOB TITLE AND SUSAN TITLE, HUSBAND AND WIFE AS JOINT TENANTS

EXHIBIT A
LEGAL DESCRIPTION

The land referred to herein is situated in the State of CALIFORNIA, County of SAN DIEGO, and described as follows:

A CONDOMINIUM COMPRISED OF:

PARCEL 1:

AN UNDIVIDED 1/72 INTEREST IN AND TO LOT 4 OF CARLSBAD TRACT NO. 74-22, IN THE CITY OF CARLSBAD, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 8107, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1975.

EXCEPTING THEREFROM ALL LIVING UNITS AS SHOWN AND DEFINED IN THAT CERTAIN CONDOMINIUM PLAN RECORDED APRIL 18, 1984, AS INSTRUMENT NO. 84-141607 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

PARCEL 2:

LIVING UNIT L-130 AS SHOWN AND DEFINED ON THE CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.

PARCEL 3:

AN EXCLUSIVE EASEMENT TO USE THOSE PORTIONS OF THE COMMON AREA DESIGNATED AS G-130, B--, P-130, C-130 AND A--, AS SHOWN AND DEFINED ON THE CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.

Assessor's Parcel Number: **206-222-21-41**

SCHEDULE B

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

Taxes:

- A. **General and Special City and/or County taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2015-2016:

1st Installment:	\$1,121.00 DELINQUENT
1st Penalty:	\$112.10
2nd Installment:	\$1,121.00 DELINQUENT
2nd Penalty:	\$122.10
Land:	\$111,667.00
Improvements:	\$89,193.00
Exemption:	\$0.00 HOMEOWNERS
Code Area:	08256

Assessment No.: 206-222-21-41

- B. **Said property has been declared tax defaulted** for non-payment of delinquent taxes for the fiscal year 2010. Default No. 206-222-21-41, amounts to redeem for the fiscal year (and subsequent years, if any), \$9,945.95 by 11/30/2015.
- C. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.

Exceptions:

1. **Water rights, claims or title to water** in or under said land, whether or not shown by the public records.
2. **Matters in various instruments of record** which contain, among other things, easements and rights of way in, on, over and under the common area for the purpose of constructing, erecting, operating or maintaining thereon or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, power, telephone and other purposes, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities.

Also the equitable right of use and enjoyment in and to and throughout the common area as well as non-exclusive easements and equitable rights for ingress, egress to the owner herein described.

Reference is hereby being made to various documents and maps of record for full and further particulars.

3. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to CREASER AND WARWICK, INC., A CALIFORNIA CORPORATION as grantee, for the purpose of TO CONSTRUCT, ERECT AND MAINTAIN A CONCRETE BLOCK PROPERTY WALL, TOGETHER WITH A CONCRETE BLOCK TRASH ENCLOSURE AND INCIDENTAL PURPOSES, recorded October 19, 1988 AS INSTRUMENT NO. 88-532900 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .

SCHEDULE B
(CONTINUED)

4. **Terms and provisions of a lease** dated , executed by CRAIG LOANS, as lessor, and WEB SERVICE COMPANY, as lessee, a memorandum of which is recorded March 30, 1993 AS INSTRUMENT NO. 1993-0193490 OF OFFICIAL RECORDS.

5. **Terms, provisions, covenants, conditions, restrictions, easements, charges, assessments, and liens** provided by applicable condominium law or the Condominium Declaration and Bylaws recorded January 18, 1995 AS INSTRUMENT NO. 1995-0022103 OF OFFICIAL RECORDS, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons. The Condominium Declaration and Bylaws also provide that any violation thereof shall not defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value.

Said instrument also provides for the levy of assessments, the lien of which are stated to be subordinate to the lien of certain mortgages or deeds of trust made in good faith and for value.

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions 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. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

6. **Terms, provisions, covenants, conditions, restrictions, easements, charges, assessments, and liens** provided by applicable condominium law or the Condominium Declaration and Bylaws recorded January 18, 1995 AS INSTRUMENT NO. 1995-0022104 OF OFFICIAL RECORDS, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons. The Condominium Declaration and Bylaws also provide that any violation thereof shall not defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value.

Said instrument also provides for the levy of assessments, the lien of which are stated to be subordinate to the lien of certain mortgages or deeds of trust made in good faith and for value.

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions 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. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

7. **An easement** for the purpose shown below and rights incidental thereto as reserved in a document reserved by NOT SET OUT, for the purpose of USE, ACCESS, INGRESS AND EGRESS, ENCROACHMENT, MAINTENANCE, REPAIR, REPLACEMENT, DRAINAGE, SUPPORT OR OTHER PURPOSES AND PARKING SPACES, recorded May 03, 1996 AS INSTRUMENT NO. 1996-0227179 OF OFFICIAL RECORDS, which affects THE EXACT LOCATION OF THE EASEMENT IS NOT DISCLOSED OF RECORD .

SCHEDULE B
(CONTINUED)

8. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$301,000.00
Dated: 10/06/2005
Trustor: BOB TITLE AND SUSAN TITLE, HUSBAND AND WIFE AS JOINT TENANTS
Trustee: RESS FINANCIAL CORPORATION, A CALIFORNIA CORPORATION
Beneficiary: BANK OF AMERICA, N.A.
Recorded: October 18, 2005 AS INSTRUMENT NO. 2005-0898168 OF OFFICIAL RECORDS
Loan No.: 4908

The beneficial interest of BANK OF AMERICA, N.A. under said deed of trust was assigned to JPMORGAN CHASE BANK N.A. , by assignment recorded May 05, 2009 AS INSTRUMENT NO. 2009-0234427 OF OFFICIAL RECORDS.

Notice of default under the terms of the Deed of Trust recorded October 18, 2005 AS INSTRUMENT NO. 2005-0898168 OF OFFICIAL RECORDS by the alleged owner and holder of the note secured thereby recorded April 27, 2015 AS INSTRUMENT NO. 2015-0207868 OF OFFICIAL RECORDS.

9. **Financing Statement** executed by MARGARET JONES to SOLARCITY CORPORATION recorded April 21, 2014 AS INSTRUMENT NO. 2014-0157850 OF OFFICIAL RECORDS.
10. **The matters** contained in an instrument entitled NOTICE OF INDEPENDENT SOLAR ENERGY PRODUCER, dated 09/04/2014, by and between MARGARET JONES AND SOLARCITY CORPORATION, A DELAWARE CORPORATION upon the terms therein provided recorded September 18, 2014 AS INSTRUMENT NO. 2014-0404377 OF OFFICIAL RECORDS.
11. **Tax Lien** for RENTAL BUSINESS TAX taxes against BOB TITLE AND SUSAN TITLE in the amount of \$230.03 plus costs, interest and additional taxes recorded November 14, 2014 AS INSTRUMENT NO. 2014-0592467 OF OFFICIAL RECORDS.
12. **Notice of delinquent assessments and lien** therefore payable to the homeowners' association pursuant to the document referred to in exception 6 above in the amount of \$3,120.00, trustee appointed MASSIE BERMAN, recorded January 22, 2015 AS INSTRUMENT NO. 2015-034346 OF OFFICIAL RECORDS.
- A Notice of Default of an Assessment Lien** recorded pursuant to The Declaration of Restrictions in exception no. 10, executed by MASSIE BERMAN, recorded April 09, 2015 AS INSTRUMENT NO. 2015-0176367 OF OFFICIAL RECORDS.
13. **Notice of Federal Tax Lien** against BOB TITLE AND SUSAN TITLE in the amount of \$34,415.68, plus costs, interest and additional taxes recorded December 24, 2015 AS INSTRUMENT NO. 2015-0713109 OF OFFICIAL RECORDS.
14. **A tax lien** for the amount shown, and any other amounts due, in favor of the State of CALIFORNIA in the amount of \$7,434.58, filed by FRANCHISE TAX BOARD , BOB TITLE AND SUSAN TITLE Taxpayer, Certificate No. 09351631078, recorded December 30, 2015 AS INSTRUMENT NO. 2015-0721432 OF OFFICIAL RECORDS.
15. THIS COMPANY ASSUMES NO LIABILITY FOR THE DISCLOSURE OF SPECIFIC PARKING SPACES, IF ANY, NOTED IN THE LEGAL DESCRIPTION HEREIN. NO DETERMINATION CAN BE MADE AS TO THE PERSONS ACTUALLY IN POSSESSION OF SAID PARKING SPACES, AS DISCLOSED IN CONDOMINIUM PLAN.

SCHEDULE B
(CONTINUED)

16. We will require a Statement of Information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: BOB TITLE AND SUSAN TITLE

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.

17. We will require a Statement of Information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: BUYERS

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.

END OF EXCEPTIONS

Typist Initials: JL

NOTES AND REQUIREMENTS

1. None of the items in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an ALTA Loan Policy, when issued.
2. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said land a CONDOMINIUM known as 1234 TITLE AVENUE, SAN DIEGO, CALIFORNIA to an extended coverage policy.
3. **There are NO conveyances** affecting said land, recorded with the County Recorder within 24 months of the date of this report.
4. **NOTE:** The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
5. **NOTE:** Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee **must** be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

"The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this pay-off is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record or the successor Trustee under the Trust Deed to be paid off in full."

In the event that the reconveyance fee and the assignment, release or transfer thereof are **not** included within the demand statement, then Corinthian Title Company, Inc. may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.
6. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

NOTES AND REQUIREMENTS
(CONTINUED)

CALIFORNIA "GOOD FUNDS" LAW

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds received by Corinthian Title Company, Inc. via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed and you should contact your title or escrow officer.

All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Corinthian Title Company, Inc.. Corinthian Title Company, Inc. may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with a financial institution, and Corinthian Title Company, Inc. shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by Corinthian Title Company, Inc.. Such benefits shall be deemed additional compensation to Corinthian Title Company, Inc. for its services in connection with the escrow or sub-escrow.

If any check submitted is dishonored upon presentation for payment, you are authorized to notify all principles and/or their respective agents of such nonpayment.

END OF NOTES AND REQUIREMENTS

Corinthian Title Company, Inc.

Privacy Policy Notice
PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with nonaffiliated third parties unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Corinthian Title Company, Inc..

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as on applications or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Notice of Available Discounts

Old Republic National Title Insurance Company is pleased to inform you that upon proper qualification, there are premium discounts available upon the purchase of title insurance covering improved property with a one-to-four family dwelling.

Such discounts apply to and include:

- Property located within an area proclaimed a state or federal disaster area;
- Property purchased from a foreclosing beneficiary or successful bidder at a foreclosure sale;
- Property being refinanced.

Please talk to your escrow or title officer to determine your qualification for any of these discounts.

EXHIBIT A: LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

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

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

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

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

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.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

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.

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000.00

EXHIBIT A: LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

COVERED RISKS

The Covered Risks are:

1. Someone else owns an interest in Your Title.
2. Someone else has rights affecting Your Title because of leases, contracts, or options.
3. Someone else claims to have rights affecting Your Title because of forgery or impersonation.
4. Someone else has an Easement on the Land.
5. Someone else has a right to limit Your use of the Land.
6. Your Title is defective. Some of these defects are:
 - a. Someone else's failure to have authorized a transfer or conveyance of your Title.
 - b. Someone else's failure to create a valid document by electronic means.
 - c. A document upon which Your Title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.
 - d. A document upon which Your Title is based was signed using a falsified, expired or otherwise invalid power of attorney.
 - e. A document upon which Your Title is based was not properly filed, recorded, or indexed in the Public Records.
 - f. A defective judicial or administrative proceeding.
7. Any of Covered Risks 1 through 6 occurring after the Policy Date.
8. Someone else has a lien on Your Title, including a:
 - a. lien of real estate taxes or assessments imposed on Your Title by a governmental authority that are due or payable, but unpaid;
 - b. Mortgage;
 - c. judgment, state or federal tax lien;
 - d. charge by a homeowner's or condominium association; or
 - e. lien, occurring before or after the Policy Date, for labor and material furnished before the Policy Date.
9. Someone else has an encumbrance on Your Title.
10. Someone else claims to have rights affecting Your Title because of fraud, duress, incompetency or incapacity.
11. You do not have actual vehicular and pedestrian access to and from the Land, based upon a legal right.
12. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the Land, even if the covenant, condition or restriction is excepted in Schedule B. However, You are not covered for any violation that relates to:
 - a. any obligation to perform maintenance or repair on the Land; or
 - b. environmental protection of any kind, including hazardous or toxic conditions or substancesunless there is a notice recorded in the Public Records, describing any part of the Land, claiming a violation exists. Our liability for this Covered Risk is limited to the extent of the violation stated in that notice.
13. Your Title is lost or taken because of a violation of any covenant, condition or restriction, which occurred before You acquired Your Title, even if the covenant, condition or restriction is excepted in Schedule B.
14. The violation or enforcement of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; or
 - f. environmental protection,if there is a notice recorded in the Public Records, describing any part of the Land, claiming a violation exists or declaring the intention to enforce the law or regulation. Our liability for this Covered Risk is limited to the extent of the violation or enforcement stated in that notice.
15. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 14 if there is a notice recorded in the Public Records, describing any part of the Land, of the enforcement action or intention to bring an enforcement action. Our liability for this Covered Risk is limited to the extent of the enforcement action stated in that notice.

EXHIBIT A: LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

16. Because of an existing violation of a subdivision law or regulation affecting the Land:
 - a. You are unable to obtain a building permit;
 - b. You are required to correct or remove the violation; or
 - c. someone else has a legal right to, and does, refuse to perform a contract to purchase the Land, lease it or make a Mortgage loan on it.The amount of Your insurance for this Covered Risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A
17. You lose Your Title to any part of the Land because of the right to take the Land by condemning it, if:
 - a. there is a notice of the exercise of the right recorded in the Public Records and the notice describes any part of the Land; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
18. You are forced to remove or remedy Your existing structures, or any part of them - other than boundary walls or fences - because any portion was built without obtaining a building permit from the proper government office. The amount of Your insurance for this Covered Risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
19. You are forced to remove or remedy Your existing structures, or any part of them, because they violate an existing zoning law or zoning regulation. If You are required to remedy any portion of Your existing structures, the amount of Your insurance for this Covered Risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
20. You cannot use the Land because use as a single-family residence violates an existing zoning law or zoning regulation.
21. You are forced to remove Your existing structures because they encroach onto Your neighbor's land. If the encroaching structures are boundary walls or fences, the amount of Your insurance for this Covered Risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
22. Someone else has a legal right to, and does, refuse to perform a contract to purchase the Land, lease it or make a Mortgage loan on it because Your neighbor's existing structures encroach onto the Land.
23. You are forced to remove Your existing structures which encroach onto an Easement or over a building set-back line, even if the Easement or building set-back line is excepted in Schedule B.
24. Your existing structures are damaged because of the exercise of a right to maintain or use any Easement affecting the Land, even if the Easement is excepted in Schedule B.
25. Your existing improvements (or a replacement or modification made to them after the Policy Date), including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the Land for the extraction or development of minerals, water or any other substance, even if those rights are excepted or reserved from the description of the Land or excepted in Schedule B.
26. Someone else tries to enforce a discriminatory covenant, condition or restriction that they claim affects Your Title which is based upon race, color, religion, sex, handicap, familial status, or national origin.
27. A taxing authority assesses supplemental real estate taxes not previously assessed against the Land for any period before the Policy Date because of construction or a change of ownership or use that occurred before the Policy Date.
28. Your neighbor builds any structures after the Policy Date - other than boundary walls or fences - which encroach onto the Land.
29. Your Title is unmarketable, which allows someone else to refuse to perform a contract to purchase the Land, lease it or make a Mortgage loan on it.
30. Someone else owns an interest in Your Title because a court order invalidates a prior transfer of the title under federal bankruptcy, state insolvency, or similar creditors' rights laws.
31. The residence with the address shown in Schedule A is not located on the Land at the Policy Date.
32. The map, if any, attached to this Policy does not show the correct location of the Land according to the Public Records.

OUR DUTY TO DEFEND AGAINST LEGAL ACTIONS

We will defend Your Title in any legal action only as to that part of the action which is based on a Covered Risk and which is not excepted or excluded from coverage in this Policy. We will pay the costs, attorneys' fees, and expenses We incur in that defense.

We will not pay for any part of the legal action which is not based on a Covered Risk or which is excepted or excluded from coverage in this Policy.

We can end Our duty to defend Your Title under Section 4 of the Conditions.

EXHIBIT A: LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

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).

EXHIBIT "A"
LEGAL DESCRIPTION

The land referred to herein is situated in the State of CALIFORNIA, County of SAN DIEGO, and described as follows:

A CONDOMINIUM COMPRISED OF:

PARCEL 1:

AN UNDIVIDED 1/72 INTEREST IN AND TO LOT 4 OF CARLSBAD TRACT NO. 74-22, IN THE CITY OF CARLSBAD, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 8107, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1975.

EXCEPTING THEREFROM ALL LIVING UNITS AS SHOWN AND DEFINED IN THAT CERTAIN CONDOMINIUM PLAN RECORDED APRIL 18, 1984, AS INSTRUMENT NO. 84-141607 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

PARCEL 2:

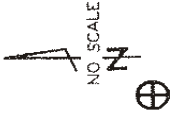
LIVING UNIT L-130 AS SHOWN AND DEFINED ON THE CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.

PARCEL 3:

AN EXCLUSIVE EASEMENT TO USE THOSE PORTIONS OF THE COMMON AREA DESIGNATED AS G-130, B--, P-130, C-130 AND A--, AS SHOWN AND DEFINED ON THE CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.

Assessor's Parcel Number: **206-222-21-41**

.206-22
SHT. 3
8-16-85



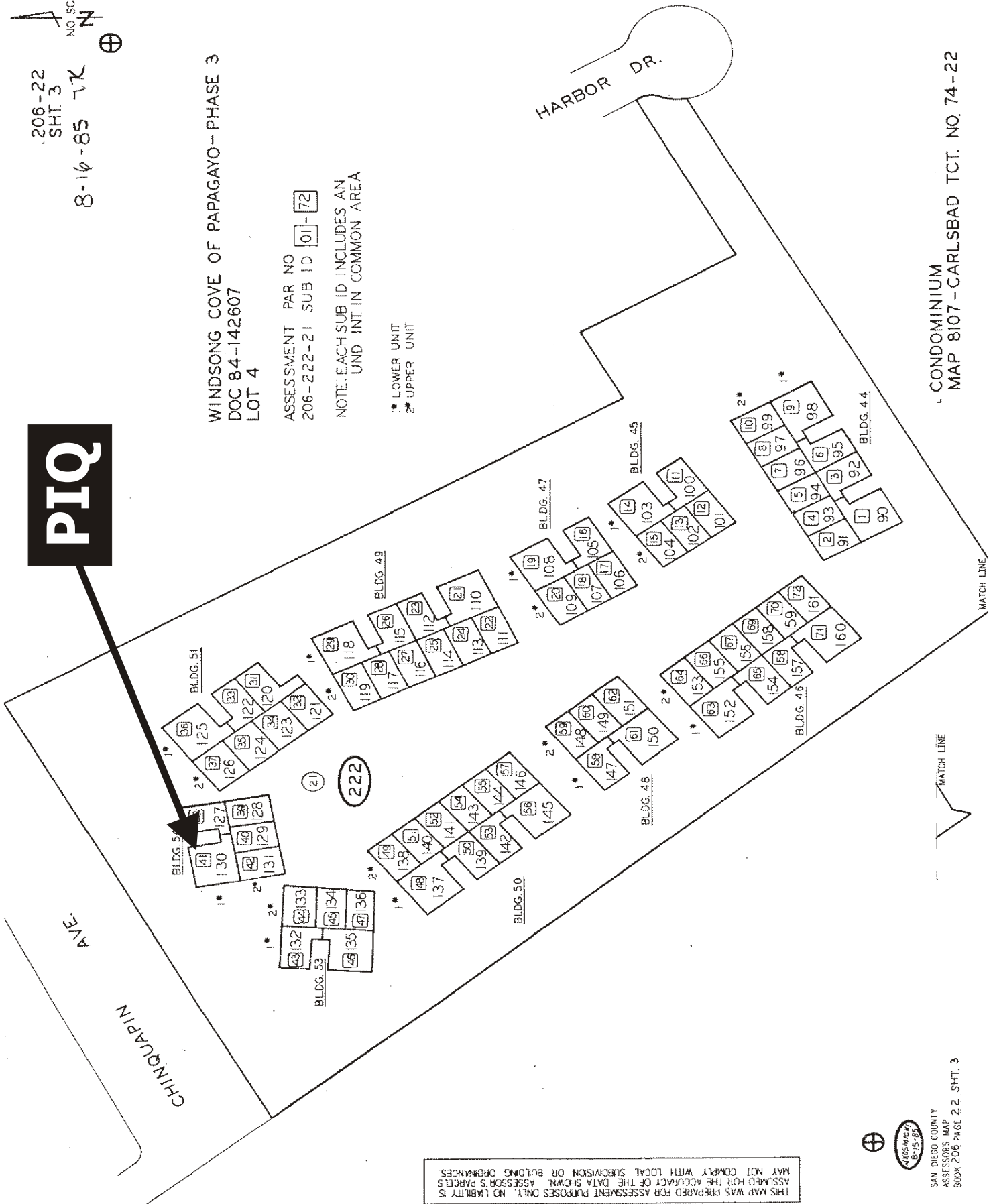
PIQ

WINDSONG COVE OF PAPAGAYO - PHASE 3
DOC B4-142607
LOT 4

ASSESSMENT PAR NO 01-72
206-222-21 SUB ID

NOTE: EACH SUB ID INCLUDES AN
UND INT IN COMMON AREA

1* LOWER UNIT
2* UPPER UNIT



CONDOMINIUM
MAP 8107-CARLSBAD TCT. NO. 74-22



SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 206 PAGE 2.2, SHT. 3

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

Comparing Policies

Protect Your Customer AND Yourself with



ALTA HOMEOWNER'S POLICY

- 1 - Someone else owns an interest in your title to the property
- 2 - A document is not properly signed
- 3 - Forgery, Fraud, Duress
- 4 - Defective recording of any document
- 5 - Restrictive covenants
- 6 - There is a lien on your title because there is:
 - a) a deed of trust
 - b) a judgment, tax, or special assessment
 - c) a charge by the homeowners association
- 7 - Title is unmarketable
- 8 - Lack of right of access to and from the land
- 9 - Mechanic's lien protection
- 10 - Forced removal of a structure because it:
 - a) extends onto other land or onto an easement
 - b) violates a restriction in Schedule B
 - c) violates an existing zoning law
- 11 - Can't use land for SFD due to zoning or restrictions
- 12 - Unrecorded lien by the homeowner's association
- 13 - Unrecorded easements
- 14 - Others have rights arising out of leases, contracts or options
- 15 - Pays rent for substitute land or facilities
- 16 - Inflation protection
- 17 - You do not have legal right of access
- 18 - Building permit violations - forced removal*
- 19 - Subdivision Map Act violations*
- 20 - Zoning violations - forced encroachment*
- 21 - Boundary wall or fence encroachment*
- 22 - Restrictive covenant violations
- 23 - Post-policy defect in title
- 24 - Post-policy contract or lease rights
- 25 - Post-policy forgery
- 26 - Post-policy easement
- 27 - Post-policy limitation on use of land
- 28 - Post-policy damage from minerals or water extraction
- 29 - Post-policy living trust coverage
- 30 - Post-policy encroachment by neighbor other than wall or fence
- 31 - Enhanced access - vehicular and pedestrian
- 32 - Damage to structure from use of easement
- 33 - Post-policy automatic increase in value up to 150%
- 34 - Post-policy correction of existing violation of covenant
- 35 - Post-policy limitation of use
- 36 - Post-policy prescriptive easement
- 37 - Street address is correct
- 38 - Map not consistent with legal description
- 39 - Coverage for spouse acquiring through divorce
- 40 - Violations of building setbacks
- 41 - Discriminatory covenants
- 42 - Insurance coverage forever

CLTA Policy

ALTA Homeowner's Policy

Corinthian Title and its employees are committed to providing the very best customer service and products in the title and escrow industry!



Coverage is for 1 to 4 family residences

This chart is intended for comparison purposes only and is not a full explanation of policy coverage. Policy coverages are subject to the terms, exclusions, exceptions and deductibles shown in the policy.



*Subject to a deductible and a maximum indemnity liability, which may be less than the policy amount.

PRELIMINARY REPORTS - Possible Problems

TAXES: These are usually standard, showing the status of the current tax year.

POSSIBLE PROBLEM: Postponed property taxes. This is a program put on by the state for senior citizens. It allows the owner to postpone the taxes until the property is sold or refinanced. The owner applies to the state, and the state provides "checks" that the owner uses to pay the taxes. The reason this is a possible problem is because a demand will need to be ordered from the state by escrow in order to pay off the postponed taxes. It may take up to 2 weeks to get a demand.

CC&R'S: These are standard. The CC&R's should be provided to the buyer by escrow. The buyer should read these thoroughly, especially if improvements to the property are contemplated.

POSSIBLE PROBLEM: Some CC&R's prohibit certain types of improvements.

EASEMENTS: These are also pretty standard. Most easements in newer subdivisions (20 years or less) are contained in the street. Some subdivisions have nonexclusive easements over portions of the property for such things as maintenance of side yards, access to common areas (like golf courses), etc.

POSSIBLE PROBLEM: If improvements are contemplated (such as construction of a pool or spa for example), then the buyer should request the easement be plotted on a map to determine that there will not be any interference to contemplated improvements. However, you should be aware that easements are very difficult to get removed, and your client may be better off with another property if an easement interferes with his future plans for the property.

AGREEMENTS: These commonly take the form of road maintenance agreements, mutual easement agreements (like a shared driveway) or improvement agreements, and will bind the owner to certain actions. A copy of the agreement should be requested from title, and provided to the buyer. It is the buyer's responsibility to contact their own counsel if they do not understand how the agreement would affect them.

TRUST DEEDS: These are common. Escrow will order a demand from the lender(s) which will allow the title company to pay off the existing loan(s) using proceeds from the new buyer's loan (or proceeds if all cash).

POSSIBLE PROBLEM: Watch out for old trust deeds from previous owners (or sometimes the current owners if they have refinanced). If you find a trust deed listed that has already been paid, or that looks like it was taken out by a previous owner, call your title officer immediately. He will research the trust deed, and take the necessary steps to either remove it from the public record (by working with escrow to get release documents) or by acquiring an "indemnity" from the title company who paid off the old loan. Old trust deeds with private party beneficiaries (individual people acting as lenders, such as an old seller carry-back) are difficult to get removed, especially if several years have gone by since the loan has been paid off. A bond will sometimes be necessary in order to clear title of an old trust deed. These bonds must be covering twice the face value of the deed of trust, and will cost upwards of 1% of the bond amount (usually around 2 or 3 percent, more for higher risk bonds), depending on how much supporting documentation is provided to the bonding company. Note: If you have a client/buyer who is getting financing from the seller, or any individual, advise them to contact you or their title officer when the loan is being paid off. The release documents are much easier to get now rather than in a few years when the lender may no longer be around.

ENCROACHMENTS: We will sometimes find that a structure (commonly a fence or driveway) encroaches upon the property. This means that your clients will have to take the property subject to the encroachment. Contact your title officer if you see encroachment language in your prelim.

POSSIBLE PROBLEM: The lender will usually not want to lend on a property where encroachment exists. In some circumstances, an endorsement to the lender's policy (usually with an extra charge) can allow the lender to close. These are determined on a case by case basis. Again, contact your title officer.

PRELIMINARY REPORTS - Possible Problems *(continued)*

NOTICE OF VIOLATION: These will sometimes be recorded by the fire department, the health department or the local zoning enforcement division in situations where the property violates a local statute.

POSSIBLE PROBLEM: These are always red flags. The lender will not accept these conditions. The violation will have to be eliminated and the local enforcement agency will have to issue a release before closing. Escrow (or the seller or the seller's representative) will usually have to deal directly with the appropriate agency to resolve these types of issues.

COURT ORDERS/JUDGMENTS: These are not a standard item. The most common type to show on a PR is support judgments. These are issued by the courts when child/spousal support is owed by the party named (See "Statement of Information")

POSSIBLE PROBLEM: Any order/judgment is a red flag. Support judgments can take up to 6 weeks to get demand and release from the creditor (usually the district attorney's office). If you see an order or judgment, contact escrow immediately to verify that the demand has been ordered.

BANKRUPTCY: While not unusual, bankruptcies are not standard.

POSSIBLE PROBLEM: All open bankruptcies require the debtor to get permission from the court to sell or encumber as asset (the home) or to take on new debt. Chapter 7 and 13 bankruptcies against the seller are the most common we will find in a sale situation. A letter from the bankruptcy trustee will be required to close escrow. The trustee will sometimes require that a payment be made to the court at close. We sometimes find a Chapter 13 against a buyer, which will also require a letter from the trustee allowing the debtor to take on more debt. An open Chapter 7 against the buyer are rare, and the buyer probably cannot get a loan as long as he is in Chapter 7. (See "Statement of Information"). FYI: Chapter 7 is a complete washout of dischargeable debt. Chapter 13 is a reorganization of debt. Chapter 11 is a reorganization of debt for a company or corporation.

NOTICE OF PENDING ACTION: This is also known as a "lis pendens."

POSSIBLE PROBLEM: This is a big red flag. This means that someone has a lawsuit pending that may affect the title to the property. We often find these in acrimonious divorce situations. A demand (the aggressing party usually wants money before releasing) and withdrawal (a "withdrawal of lis pendens" is a legal document that must be recorded to release the lis pendens) will be required before closing.

STATEMENT OF INFORMATION: Also known as a statement of facts, statement of identity or an SI. This document will be provided to the parties by escrow. It asks for information about the parties such as social security number, residence history, marital history, job history, aliases, etc. Please have your clients fill out as completely as possible. It allows us to eliminate things that are recorded in the General Index (GI) that are recorded against the name (as opposed to the property) such as tax liens, judgments, welfare liens, support liens and lawsuits that may be filed against people that have the same name as your clients. If the named debtor is the owner of the property, then the creditor may take steps to enforce the lien by seeking a sale of the land.

POSSIBLE PROBLEM: If your client has a common name (for example: Smith, Johnson, Garcia, Martinez, Lee, etc.) it is important that we receive the completed SI promptly in order to "clear" your client. More often, the client may have resolved the situation but had never gotten the proper release documents recorded in order to remove from the public record. We cannot close a file with unresolved liens against a seller. There are some circumstances when a deal can still be closed when there is an unresolved lien against a buyer. Contact your title officer if you find that this situation exists.

If you find something on the prelim that is not listed here, it is probably a red flag and you should contact your title officer. We will be happy to provide you with copies of recorded documents and advise you as to what is needed in order to remove the item (if necessary). Sometimes, though, removing an item is so time consuming, or costly, or both, that it becomes a decision for your buyer. We cannot advise you or your clients regarding the risk of making such a decision. They should contact their own counsel if they have these types of concerns.