



## **PRELIMINARY REPORT**

**"Since 1913"**

INYO-MONO TITLE COMPANY  
873 NORTH MAIN STREET  
BISHOP, CA 93514

PHONE (760) 872-4741 FAX (760) 873-8938

**[www.inyomonotitle.com](http://www.inyomonotitle.com)**

MAMMOTH HOTEL ASSOCIATES  
ATTN: STEVEN P. HAKIM  
P.O. BOX 129  
MAMMOTH LAKES, CA 93546

DATE ISSUED: OCTOBER 15, 2013

YOUR REF: MAMMOTH CREEK INN  
OUR FILE NO.: 136877

Effective date of this report is: **OCTOBER 3, 2013 @ 07:30 AM**

In response to the above referenced application for a policy of title insurance, **Inyo-Mono Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. 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 Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

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

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

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

CLTA STANDARD COVERAGE POLICY - 1990

SEAN M. O'BRIEN, TITLE OFFICER  
SOBRIEN@INYOMONOTITLE.COM



THIS REPORT IS SUBJECT TO A MINIMUM CANCELLATION CHARGE AS REQUIRED UNDER SECTION 12404 OF THE STATE OF CALIFORNIA INSURANCE CODE.

THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS A FEE

**TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:**

MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

**AT THE DATE HEREOF EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS CONTAINED IN SAID POLICY FORM WOULD BE AS FOLLOWS:**

1. GENERAL AND SPECIAL COUNTY AND CITY TAXES FOR THE FISCAL YEAR 2013-2014,  
 FIRST INSTALLMENT : \$9,526.65 OPEN  
 SECOND INSTALLMENT : \$9,526.65 OPEN  
 TOTAL AMOUNT : \$19,053.30  
 PROPERTY ID NUMBER : 035170025000  
 HISTORICAL PARCEL NUMBER : 35-170-25
- A. 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. **PROPERTY ID NUMBER: 035170025000 HISTORICAL PARCEL NUMBER: 35-170-25**
2. THE HEREIN DESCRIBED LAND LIES WITHIN THE OLD MAMMOTH ROAD BENEFIT SERVICE AREA AND IS SUBJECT TO ANY LIENS OR ASSESSMENTS THEREOF.
3. THE HEREIN DESCRIBED LAND LIES WITHIN THE MAMMOTH SCHOOL BOND DISTRICT AND IS SUBJECT TO ANY LIENS OR ASSESSMENTS THEREOF.
4. THE HEREIN DESCRIBED LAND LIES WITHIN THE MAMMOTH COMMUNITY WATER DISTRICT AND IS SUBJECT TO ANY LIENS OR ASSESSMENTS THEREOF.
5. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,  
 IN FAVOR OF : THE UNITED STATES  
 FOR : WATER TRANSMISSION PIPELINE  
 RECORDED : JUNE 27, 1968, IN BOOK 86, PAGE 588, OF OFFICIAL RECORDS  
 AFFECTS : AS DESCRIBED THEREIN
6. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,  
 IN FAVOR OF : SOUTHERN CALIFORNIA EDISON COMPANY  
 FOR : UNDERGROUND ELECTRIC SYSTEMS  
 RECORDED : JUNE 27, 1967, IN BOOK 86, PAGE 591, OF OFFICIAL RECORDS  
 AFFECTS : AS DESCRIBED THEREIN
7. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,  
 IN FAVOR OF : CALIFORNIA TELEPHONE COMPANY  
 FOR : TELEGRAPH AND TELEGRAPH  
 RECORDED : JUNE 27, 1967, IN BOOK 86, PAGE 596, OF OFFICIAL RECORDS  
 AFFECTS : AS DESCRIBED THEREIN
8. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, SHOWN OR DEDICATED BY THE MAP OF  
 TRACT : SHERWIN MEADOWS PARK SUBDIVISION  
 FOR : UTILITY EASEMENTS  
 AFFECTS : AS SHOWN UPON SAID MAP

9. COVENANTS, CONDITIONS AND RESTRICTIONS IN THE DECLARATION OF RESTRICTIONS, BUT "OMITTING ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS."  
 EXECUTED BY : SHERWIN MEADOWS PARK SUBDIVISION  
 RECORDED : AUGUST 29, 1968, IN BOOK 96, PAGE 251, OF OFFICIAL RECORDS

WHICH PROVIDE THAT A VIOLATION THEREOF SHALL NOT DEFEAT OR RENDER INVALID THE LIEN OF ANY MORTGAGE OR DEED OF TRUST MADE IN GOOD FAITH AND FOR VALUE.

**NOTE:** SECTION 12956.1(B)(1) OF THE CALIFORNIA GOVERNMENT CODE PROVIDES THE FOLLOWING: IF THIS DOCUMENT CONTAINS ANY RESTRICTION, PREFERENCE, LIMITATION OR DISCRIMINATION BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, GENETIC INFORMATION, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SOURCE OF INCOME (AS DEFINED IN CALIFORNIA GOVERNMENT CODE §12955(P)) OR ANCESTRY, TO THE EXTENT SUCH COVENANTS, CONDITIONS OR RESTRICTIONS VIOLATE 42 U.S.C. §3604(C) OR CALIFORNIA GOVERNMENT CODE §12955. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

10. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,  
 IN FAVOR OF : CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA  
 FOR : UNDERGROUND TELEPHONE, TELEGRAPH AND COMMUNICATION SYSTEMS  
 RECORDED : DECEMBER 1, 1970, IN BOOK 117, PAGE 483, OF OFFICIAL RECORDS  
 AFFECTS : AS DESCRIBED THEREIN
11. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,  
 IN FAVOR OF : CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA  
 FOR : CONDUITS  
 RECORDED : DECEMBER 1, 1970, IN BOOK 117, PAGE 487, OF OFFICIAL RECORDS  
 AFFECTS : AS DESCRIBED THEREIN
12. A DEED OF TRUST TO SECURE AN INDEBTEDNESS OF THE ORIGINAL AMOUNT SHOWN BELOW  
 DATED : NOVEMBER 18, 2003  
 AMOUNT : \$1,495,000.00  
 TRUSTOR : MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY  
 TRUSTEE : INYO-MONO TITLE COMPANY  
 BENEFICIARY : OAK VALLEY COMMUNITY BANK  
 RECORDED : NOVEMBER 21, 2003, AS INSTRUMENT NO. 2003012949, OF OFFICIAL RECORDS

SAID MATTER AFFECTS: LOT 17 ONLY

13. THE EFFECT OF A CERTIFICATE OF COMPLIANCE  
 DATED : JUNE 28, 2007  
 EXECUTED BY : TOWN OF MAMMOTH LAKES  
 COMPLIANCE NO. : 2006-05  
 RECORDED : FEBRUARY 15, 2008, AS INSTRUMENT NO 2008000749, OF OFFICIAL RECORDS  
 AFFECTS : SAID LAND AND OTHER PROPERTY

14. OBLIGATIONS AND OTHER MATTERS CONTAINED IN THAT CERTAIN INGRESS AND EGRESS EASEMENT AGREEMENT MADE AND ENTERED INTO AS OF THE 17<sup>TH</sup> DAY OF JANUARY, 2008, BY AND BETWEEN SOUTHERN MONO HEALTHCARE DISTRICT AND MAMMOTH HOSPITAL AUXILIARY, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, AND MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

RECORDED : FEBRUARY 15, 2008 AS INSTRUMENT NO. 2008000751  
OF OFFICIAL RECORDS

REFERENCE IS MADE TO SAID DOCUMENT FOR FURTHER PARTICULARS.

15. A GRANT OF EASEMENT APPURTENANT AGREEMENT MADE THIS 17<sup>TH</sup> DAY OF JANUARY, 2008, BY AND BETWEEN MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("GRANTOR"), AND SOUTHERN MONO HEALTHCARE DISTRICT AND MAMMOTH HOSPITAL AUXILIARY, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION ("GRANTEE")

RECORDED : FEBRUARY 15, 2008 AS INSTRUMENT NO. 2008000752  
OF OFFICIAL RECORDS

AFFECTS : AS DESCRIBED THEREIN

REFERENCE IS MADE TO SAID DOCUMENT FOR FURTHER PARTICULARS.

16. A GRANT OF MUTUAL AND RECIPROCAL EASEMENTS APPURTENANT AGREEMENT IS MADE THE 17<sup>TH</sup> DAY OF JANUARY, 2008, BY AND BETWEEN MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, SOUTHERN MONO HEALTHCARE DISTRICT AND MAMMOTH HOSPITAL AUXILIARY, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION

RECORDED : FEBRUARY 15, 2008 AS INSTRUMENT NO. 2008000753  
OF OFFICIAL RECORDS

AFFECTS : AS DESCRIBED THEREIN

REFERENCE IS MADE TO SAID DOCUMENT FOR FURTHER PARTICULARS.

17. OBLIGATIONS AND OTHER MATTERS CONTAINED IN THAT CERTAIN "GRANT OF EASEMENT APPURTENANT" AGREEMENT MADE THE 17<sup>TH</sup> DAY OF JANUARY 2008, BY AND BETWEEN MAMMOTH HOTEL ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("GRANTEE"), AND SOUTHERN MONO HEALTHCARE DISTRICT AND MAMMOTH HOSPITAL AUXILIARY, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION

RECORDED : FEBRUARY 15, 2008 AS INSTRUMENT NO. 2008000754  
OF OFFICIAL RECORDS

REFERENCE IS MADE TO SAID DOCUMENT FOR FURTHER PARTICULARS.

18. COMMUNITY DEVELOPMENT DEPARTMENT DETERMINATION NO. CDDD 2009-11 A DETERMINATION OF THE COMMUNITY DEVELOPMENT DIRECTOR APPROVING DESIGN REVIEW PERMIT 09-002 FOR NEW EXTERIOR COLORS AND MATERIALS AT THE MAMMOTH CREEK INN LOCATED AT 663 OLD MAMMOTH ROAD (APN: 35-170-25), SUBJECT TO THE CONDITIONS CONTAINED THEREIN

RECORDED : AUGUST 13, 2009 AS INSTRUMENT NO. 2009004077  
OF OFFICIAL RECORDS

19. MATTERS DISCLOSED BY A RECORD OF SURVEY FILED IN BOOK 4, PAGE 76, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY RELATING TO THE LOCATION AND DIMENSIONS OF A PORTION OF SAID LAND.

20. COMMUNITY DEVELOPMENT DEPARTMENT DETERMINATION NO. CDDD 2010-01 A DETERMINATION OF THE COMMUNITY DEVELOPMENT DIRECTOR APPROVING ADMINISTRATIVE PERMIT 09-002 TO ALLOW A NEW RESTAURANT AND ADJUSTMENT 09-003 TO ALLOW A TEN PERCENT REDUCTION IN THE REQUIRED AMOUNT OF PARKING AND A FIVE PERCENT INCREASE IN THE ALLOWABLE LOT COVERAGE AT THE MAMMOTH CREEK INN LOCATED AT 663 OLD MAMMOTH ROAD (APN: 35-170-25), SUBJECT TO THE CONDITIONS CONTAINED THEREIN

RECORDED : JULY 6, 2010 AS INSTRUMENT NO. 2010003106  
OF OFFICIAL RECORDS

21. BASED UPON THE INFORMATION PROVIDED TO THE COMPANY WHEN THIS ORDER WAS OPENED, IT IS UNCERTAIN WHAT LAND IS TO BE COVERED BY THIS PRELIMINARY REPORT AND THE POLICY(IES) TO BE ISSUED. THE COMPANY BELIEVES THAT THE LAND DESCRIBED IN THIS PRELIMINARY REPORT IS THAT WHICH WAS REQUESTED, HOWEVER, THE COMPANY MAKES NO SUCH PRESENTATIONS. PLEASE VERIFY THAT THE DESCRIPTION OF THE LAND IN THIS PRELIMINARY REPORT IS ACCURATE AND THE LAND WHICH THE PARTIES WISH TO BE COVERED BY THE POLICY(IES) TO BE ISSUED. UNLESS THE COMPANY IS ADVISED TO THE CONTRARY IT WILL PROCEED ON THE ASSUMPTION THAT THE LAND DESCRIBED IN THIS PRELIMINARY REPORT IS THE LAND WHICH IS TO BE COVERED BY THE POLICY(IES) TO BE ISSUED PURSUANT HERETO.

**END OF EXCEPTIONS**

**LEGAL DESCRIPTION**

LOT 17 TOGETHER WITH THE SOUTHERLY 104.73 FEET OF LOT 14 OF SHERWIN MEADOWS PARK SUBDIVISION IN THE TOWN OF MAMMOTH LAKES, COUNTY OF MONO, CALIFORNIA, PER MAP RECORDED IN BOOK 5 OF MAPS AT PAGE 127 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID LAND IS SHOWN AS LOT LINE ADJUSTMENT PARCEL 1 OF LOT LINE ADJUSTMENT 06-05 OF CERTIFICATE OF COMPLIANCE RECORDED FEBRUARY 15, 2008 AS INSTRUMENT NO. 2008000749, OF OFFICIAL RECORDS.



## **PRIVACY POLICY**

### **WE ARE COMMITTED TO SAFEGUARDING CUSTOMER INFORMATION**

IN ORDER TO BETTER SERVE YOUR NEEDS NOW AND IN THE FUTURE, WE MAY ASK YOU TO PROVIDE US WITH CERTAIN INFORMATION. WE UNDERSTAND THAT YOU MAY BE CONCERNED ABOUT WHAT WE WILL DO WITH SUCH INFORMATION – PARTICULARLY ANY PERSONAL OR FINANCIAL INFORMATION. WE AGREE THAT YOU HAVE A RIGHT TO KNOW HOW WE WILL UTILIZE THE PERSONAL INFORMATION YOU PROVIDE TO US. THEREFORE, WE HAVE ADOPTED THIS PRIVACY POLICY TO GOVERN THE USE AND HANDLING OF YOUR PERSONAL INFORMATION.

### **APPLICABILITY**

THIS PRIVACY POLICY GOVERNS OUR USE OF THE INFORMATION WHICH YOU PROVIDE TO US. IT DOES NOT GOVERN THE MANNER IN WHICH WE MAY USE INFORMATION WE HAVE OBTAINED FROM ANY OTHER SOURCE, SUCH AS INFORMATION OBTAINED FROM A PUBLIC RECORD OR FROM ANOTHER PERSON OR ENTITY.

### **TYPES OF INFORMATION**

DEPENDING UPON WHICH OF OUR SERVICES YOU ARE UTILIZING, THE TYPES OF NONPUBLIC PERSONAL INFORMATION THAT WE MAY COLLECT INCLUDE:

- INFORMATION WE RECEIVE FROM YOU ON APPLICATIONS, FORMS AND IN OTHER COMMUNICATIONS TO US, WHETHER IN WRITING, IN PERSON, BY TELEPHONE OR ANY OTHER MEANS;
- INFORMATION ABOUT YOUR TRANSACTIONS WITH US, OUR AFFILIATED COMPANIES, OR OTHERS; AND
- INFORMATION WE RECEIVE FROM A CONSUMER REPORTING AGENCY.

### **USE OF INFORMATION**

WE REQUEST INFORMATION FROM YOU FOR OUR OWN LEGITIMATE BUSINESS PURPOSES AND NOT FOR THE BENEFIT OF ANY NONAFFILIATED PARTY. THEREFORE, WE WILL NOT RELEASE YOUR INFORMATION TO NONAFFILIATED PARTIES EXCEPT: (1) AS REQUIRED BY LAW.

### **FORMER CUSTOMERS**

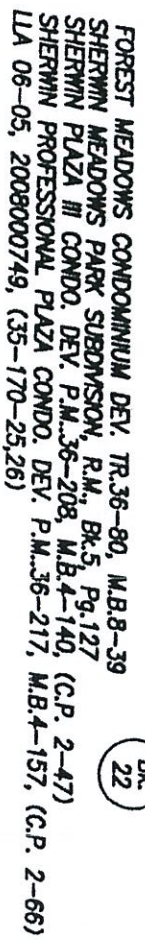
EVEN IF YOU ARE NO LONGER OUR CUSTOMER, OUR PRIVACY POLICY WILL CONTINUE TO APPLY TO YOU.

### **CONFIDENTIALITY AND SECURITY**

WE WILL USE OUR BEST EFFORTS TO ENSURE THAT NO UNAUTHORIZED PARTIES HAVE ACCESS TO ANY OF YOUR INFORMATION. WE RESTRICT ACCESS TO NONPUBLIC PERSONAL INFORMATION ABOUT YOU TO THOSE INDIVIDUALS AND ENTITIES WHO NEED TO KNOW THAT INFORMATION TO PROVIDE PRODUCTS OR SERVICES TO YOU. WE WILL USE OUR BEST EFFORTS TO TRAIN AND OVERSEE OUR EMPLOYEES AND AGENTS TO ENSURE THAT YOUR INFORMATION WILL BE HANDLED RESPONSIBLY AND IN ACCORDANCE WITH THIS PRIVACY POLICY. WE CURRENTLY MAINTAIN PHYSICAL, ELECTRONIC, AND PROCEDURAL SAFEGUARDS THAT COMPLY WITH FEDERAL REGULATIONS TO GUARD YOUR NONPUBLIC PERSONAL INFORMATION.

**Tax Rate Area**  
**10-06**

100°



RECEIVED MAR 24 2008

This is not a survey of the kind, but is for information only, nor is it a part of the report or policy to which it may be attached.

**NOTE:** This Map is prepared for the use of the *Urban County Assessor*, for assessment purposes only. It does not necessarily represent a survey of the premises. No liability is assumed as to the *accuracy* or *correctness* of the data reflected herein.

**INCORPORATED AREA**  
**Book 35, Page 17**  
**Mono County Assessor's Map**  
*Assessor's Block Numbering System in Diagram.*  
*Assessor's Parcel Numbers Shown in Circle.*

|           |                                        |          |            |
|-----------|----------------------------------------|----------|------------|
| REDOWN    | P. Davidson                            | RECEIVED | 03-11-2008 |
| FILE NAME | MCA35P17 Mono County Assessor's Office |          |            |

## ATTACHMENT ONE

### CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990

#### 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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (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.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or 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.
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) whether or not recorded in the public records at Date of Policy, but 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; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
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 the 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 claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

## ATTACHMENT ONE

### EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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.  
  
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 which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, 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, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.