



OLD REPUBLIC
TITLE COMPANY

2110 S. Bascom Avenue, Ste. 102
Campbell, CA 95008
(408) 371-9950 Fax: (408) 331-3209

PRELIMINARY REPORT

Issued for the sole use of:

INTERO REAL ESTATE SERVICES
1900 CAMDEN AVENUE
SAN JOSE, CA 95124

Attention: STEVE TROTTER

Our Order Number 0631014857-RP

Customer Reference BERNAL

When Replying Please Contact:

Robin Primeau
(408) 371-9950

Property Address:

2431 Plummer Avenue, San Jose, CA 95125

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC 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 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 Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

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

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

Dated as of January 15, 2010, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0631014857-RP

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

Homeowner's Policy of Title Insurance - 2008; and ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

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

Fee

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

Robert A. Bernal and Dorothy J. Bernal, husband and wife as joint tenants

The land referred to in this Report is situated in the County of Santa Clara, City of San Jose, State of California, and is described as follows:

Portion of Lot 3, as shown on that certain Map entitled, "Map of the Curtner Tract", which Map was filed for record in the Office of the Recorder of the County of Santa Clara, State of California on December 18, 1880 in [Book "A" of Maps, at Page\(s\) 34](#), and more particularly described as follows:

Beginning at a point in the center line of Plummer Avenue, distant thereon South 29° East 113.08 feet from the point of intersection of said center line with the Southeasterly line of Lot 2, as shown on the Map hereinabove referred to; thence along said center line of Plummer Avenue South 29° East 110 feet; thence leaving said center line and running South 58° 30' West 225 feet; thence parallel with the center line of Plummer Avenue North 29° West 100 feet; thence North 58° 30' East 225 feet to the point of beginning.

Excepting therefrom that portion thereof conveyed to M. Floro, et al, by Deed recorded April 6, 1966 in Book 7337 of Official Records, at Page 538, and described as follows:

Beginning at the most Northerly corner of Lot 37, on the Southeasterly line of Marcia Avenue, as said Lot and Avenue are shown upon that certain Map entitled, "Tract No. 3534", which Map was filed for record in the Office of the Recorder of the County of Santa Clara, State of California on April 15, 1964, in Book 177 of Maps, at Page 1; thence from said point of beginning, and along the Southeasterly line of said Marcia Avenue, North 58° 24' 03" East 80.00 feet to a point thereon; thence leaving last said line and parallel with the Northeasterly line of said Lot 37, South 29° 01' 39" East 110.00 feet to a point on the Northeasterly prolongation of the Southeasterly line of said Lot 37; thence along last said prolonged line, South 58° 24' 03" West, 80.00 feet Northeasterly line of said Lot 37, North 29° 01' 39" West 110.00 feet to the point of beginning.

APN: 446-36-016

ARB: 444-27-133

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

1. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, a lien, but not yet due or payable.

2. Taxes and assessments, general and special, for the fiscal year 2009 - 2010, as follows:

Assessor's Parcel No	:	446-36-016	
Code No.	:	17 108	
1st Installment	:	\$552.06	Marked Paid
2nd Installment	:	\$552.06	NOT Marked Paid
Land Value	:	\$28,509.00	
Imp. Value	:	\$17,742.00	

3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

4. Rights of the public, County and/or City, in and to that portion of said land lying within the lines of Plummer Avenue.

5. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount	:	\$833,000.00	
Trustor/Borrower	:	Robert A. Bernal and Dorothy J. Bernal, husband and wife as joint tenants	
Trustee	:	Fidelity National Title Company	
Beneficiary/Lender	:	Financial Freedom Senior Funding Corporation, a subsidiary of IndyMac Bank, F.S.B., a Delaware corporation	
Dated	:	June 14, 2007	
Recorded	:	June 20, 2007 in Official Records under Recorder's Serial Number 19477003	
Loan No.	:	3000096695	
Returned to	:	500 Northridge Road, Suite 500, Atlanta, GA 30350	

The record beneficial interest under said Deed of Trust as a result of the last recorded assignment thereof is,

Vested In	:	Mortgage Electronic Registration Systems, Inc., solely as nominee for Financial Freedom Acquisition, LLC, a Delaware corporation, its successors or assigns
By Assignment From	:	Financial Freedom Senior Funding Corporation
Dated	:	September 24, 2009
Recorded	:	October 13, 2009 in Official Records under Recorder's Serial Number 20464309
Loan No.	:	3000096695
Returned to Address	:	C/O NTC 2100 Alt. 19 North, Palm Harbor, FL 34683

6. Any question of delivery, defect or invalidity in the title to said land arising out of or occasioned by the Deed,

From : Robert Allen Bernal
To : Robert Allen Bernal Revocable Trust
Dated : August 26, 2008
Recorded : [September 24, 2008 in Official Records under Recorder's Serial Number 19997608](#)
Returned to
Address : 2431 Plummer Avenue, San Jose, CA 95125

The grantee is not an entity capable of holding title due to the fact there is no trustee named in the trust

7. Action as follows:

Plaintiff : Bonita Louise Fox and Patricia Jo Nance
Defendant : Michael A. Bernal individually and as successor trustee of the Robert Allen Bernal Trust and Does One through Ten inclusive
Court : Superior Court of California, County Santa Clara
Case No. : 1-09-CV-134615
Purpose : Pendency of Action

As Disclosed by or Notice of Which is

Dated : February 19, 2009
Recorded : [April 6, 2009 in Official Records under Recorder's Serial Number 20199176](#)
Attorney : John F. Foley/ SB#27285, 84 West Santa Clara Street, No. 800, San Jose, CA 95113 & (408) 287-6287 and Henry Mariani, SB# 23424, 1556 Alta Glen Drive #11, San Jose, CA 95125 & (408) 997-3390
For : Bonita Louise Fox and Patricia Jo Nance

NOTE: No examination of this case file has been made.

8. The effect of instruments, proceedings, liens, decrees or other matters which do not specifically describe said land but which, if any do exist, may affect the title or impose liens or encumbrances thereon. The name search necessary to ascertain the existence of such matters has not been completed and, in order to do so, we require a signed Statement of Identity from or on behalf of Robert A. Bernal.
9. Rights and claims of parties in possession.

10. The Homeowner's Policy applies only if each insured named in Schedule A is a Natural Person (as Natural Person is defined in said policy). If each insured to be named in Schedule A is not such a Natural Person, contact the Title Department immediately.

----- Informational Notes -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.2 and 2.3.
- B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a single family residence known as 2431 Plummer Avenue, San Jose, CA 95125.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

NONE

- C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument

Entitled : Grant Deed
By/From : Robert A. Bernal and Dorothy J. Bernal, husband and wife as joint tenants, who acquired title as Robert A. Bernal and Dorothy J. Bernal, his wife, as joint tenants
To : Robert A. Bernal and Dorothy J. Bernal, husband and wife as joint tenants
Dated : April 21, 1999
Recorded : [April 30, 1999 in Official Records under Recorder's Serial Number 14784814](#)

Disclosure to Consumer of Available Discounts

Section 2355.3 in Title 10 of the California Code of Regulation necessitates that Old Republic Title Company provide a disclosure of each discount available under the rates that it, or its underwriter Old Republic National Title Insurance Company, have filed with the California Department of Insurance that are applicable to transactions involving property improved with a one to four family residential dwelling.

You may be entitled to a discount under Old Republic Title Company's escrow charges if you are an employee or retired employee of Old Republic Title Company including its subsidiary or affiliated companies. You may also be entitled to a discount if you are a member in the California Public Employees Retirement System "CalPERS" or the California State Teachers Retirement System "CalSTRS" and are you are obtaining a loan to purchase or refinance your principal residence from a lender that is participating in your respective retirement system's Home Loan Program or if you are a member of either retirement system and you are selling your principal residence.

If you are an employee or retired employee of Old Republic National Title Insurance Company, or it's subsidiary or affiliated companies, you may be entitled to a discounted title policy premium.

Please ask your escrow or title officer for the terms and conditions that apply to these discounts.

A complete copy of the Schedule of Escrow Fees and Service Fees for Old Republic Title Company and the Schedule of Fees and Charges for Old Republic National Title Insurance Company are available for your inspection at any Old Republic Title Company office.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (01/01/08)
 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE
 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.

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 on Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1.00% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00

AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY OF TITLE INSURANCE - 2006
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).

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

Old Republic Title Company

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 a nonaffiliated third party 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 the 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 Old Republic Title Company

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 as permitted by law.

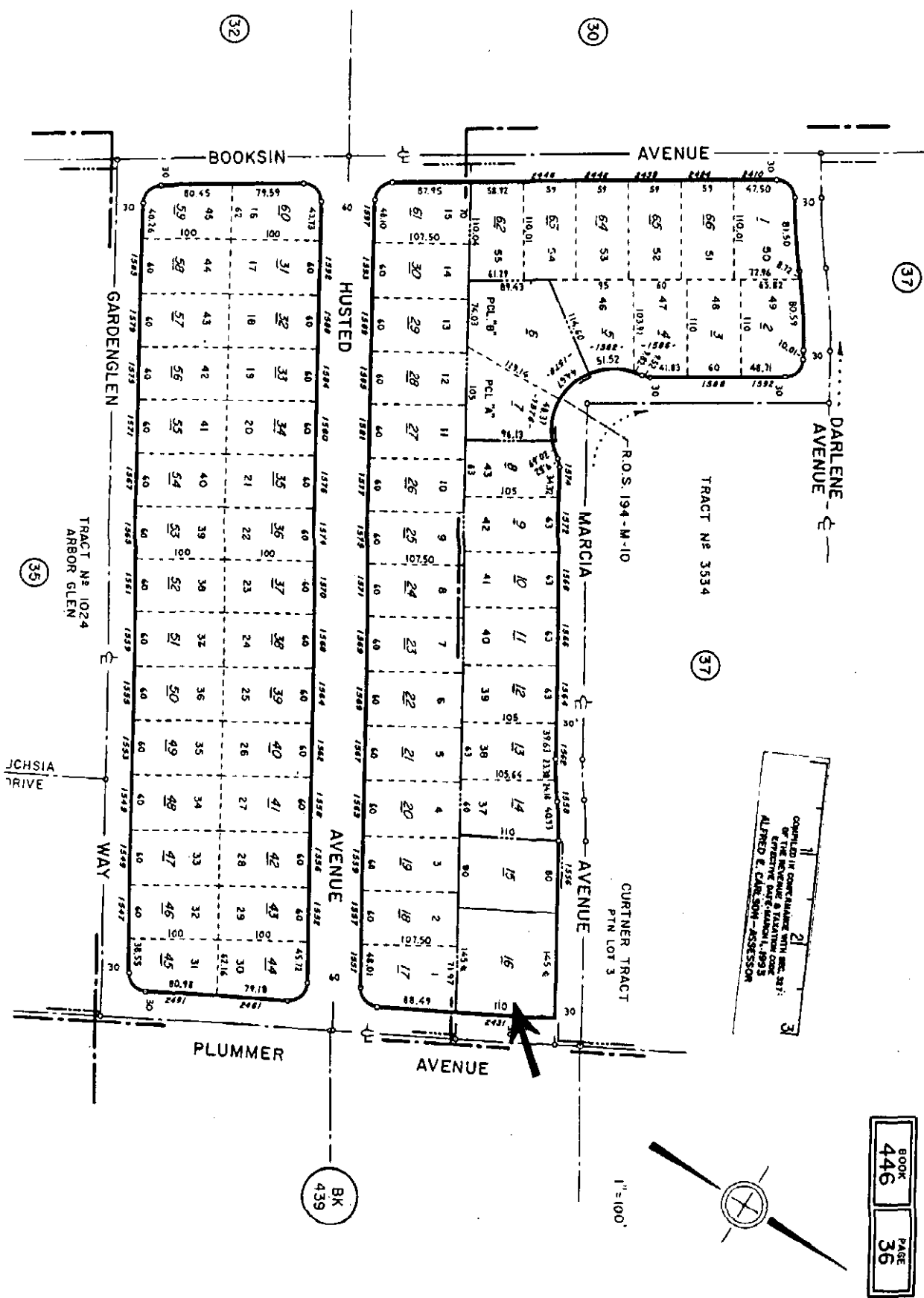
We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- 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.



COMPILED IN CONFORMANCE WITH SEC. 337
OF THE REVENUE AND TAXATION CODE
EFFECTIVE DATE JANUARY 1, 1993
ALFRED E. CARLSON - ASSESSOR

Notice... This is neither a plat nor a survey, it is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon.