



OLD REPUBLIC
TITLE COMPANY

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

PRELIMINARY REPORT

INTERO REAL ESTATE
1900 CAMDEN AVE
SAN JOSE, CA 95124

Attention: STEVEN TROTTER

Our Order Number 0631015785-RP

Customer Reference MUSALLAM

When Replying Please Contact:

Robin Primeau
(408) 371-9950

Property Address:

463 Nolden Avenue, San Jose, CA 95117

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 June 17, 2010, at 7:30 AM

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

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:

Nabil E. Musallam and Arlette F. Musallam, 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:

Lot 75, as delineated upon that certain Map entitled "Tract No. 1609", filed for record in the Office of the Recorder of the County of Santa Clara, State of California, on February 20th, 1956 in [Book 66 of Maps, at Page 42](#).

Excepting therefrom the underground water or rights thereto with no rights of surface entry, as granted to San Jose Water Works, a California corporation, by instrument, recorded March 12th, 1956 in Book 3435 of Official Records, Page 442.

APN: 303-31-024

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	:	303-31-024	
Code No.	:	17-019	
1st Installment	:	\$2,617.25	Marked Paid
2nd Installment	:	\$2,617.25	Marked Paid
Land Value	:	\$209,946.00	
Imp. Value	:	\$180,192.00	
Exemption	:	\$7,000.00	Homeowner's

3. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.

For : Public Utility Easement
Affects : Westerly 5 feet

4. Covenants, Conditions and Restrictions which do not contain express provision for forfeiture or reversion of title in the event of violation, but omitting any covenants or restriction if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictions
Executed by : California Pacific Title Insurance Company, a corporation
Dated : February 21, 1956
Recorded : [February 28, 1956 in Book 3424 of Official Records, Page 155](#)

Said Covenants, Conditions and Restrictions 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: "If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

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

Amount : \$250,000.00
Trustor/Borrower : Nabil E. Musallam and Arlette F. Musallam who are married to each other
Trustee : PRLAP, Inc.
Beneficiary/Lender : Bank of America, N.A.
Dated : February 25, 2005
Recorded : [May 6, 2005 in Official Records under Recorder's Serial Number 18358901](#)
Loan No. : 31868240125980399
Returned to : United General Title Ins, Fiserv - 27 Inwood Road, Rocky Hill, CT 06067

NOTE: Said Deed of Trust appears to secure a Revolving Line or Equity Line of Credit. If this loan is to be paid off and reconveyed through this transaction, the Company will require a written statement from the Beneficiary/Lender that a freeze is in effect on the account, and that the demand for payoff from the Beneficiary/Lender states that a reconveyance will be issued upon payment of the amounts shown therein.

The Beneficiary/Lender may be assisted in freezing this account by receiving a creditline freeze authorization letter signed by the Trustor/Borrower/Seller with the request for payoff demand. A sample copy of a typical such letter is available from the Company upon request.

NOTE: Said Deed of Trust by the provisions of an agreement

Dated : February 11, 2008
Recorded : [March 12, 2008 in Official Records under Recorder's Serial Number 19772879](#)
Executed By : Nabil E. Musallam, Arlette F. Musallam and Bank of America, N.A.

was made subordinate to the Deed of Trust referred to herein as Instrument No. 19772878.

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

Amount : \$278,525.00
Trustor/Borrower : Nabil E. Musallam and Arlette F. Musallam, husband and wife, as joint tenants
Trustee : PRLAP, Inc.
Beneficiary/Lender : Bank of America, N.A., a national banking association
Dated : February 1, 2008
Recorded : [March 12, 2008 in Official Records under Recorder's Serial Number 19772878](#)
Loan No. : 6359349500
Returned to : 2550 North Redhill Avenue, Santa Ana, CA 92705

7. 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 2.1.

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 463 Nolden Avenue, San Jose, CA 95117.

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 : Kristine M. Lee, an unmarried woman
To : Nabil E. Musallam and Arlette F. Musallam, husband and wife, as joint tenants
Dated : December 4, 1996
Recorded : [December 13, 1996 in Official Records under Recorder's Serial Number 13550952](#)

D. Upon sale or transfer, this property will be subject to the City of San Jose Conveyance Tax.

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 if 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 its 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.

O.N.

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. 357 OF THE REVENUE & TAXATION CODE EFFECTIVE DATE MARCH 1, 1993 ALFRED E. CARLSON - ASSESSOR

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TRACT N° 1609 CYPRESS MANOR UNIT N° 2

X=1575303 Y=301974

AVE.

ZATON

40.34	56	443	449	455	461	465	56	84.71	103.94	25	25
4	5	6	7	8	9	10	11	12	13	14	15
68	67	66	65	64	63	62	61	60	59	58	57
69	70	71	72	73	74	75	76	77	78	79	80
3	19	18	17	16	15	14	13	12	11	10	9
40.72	56	446	452	458	462	470	104.06	488	488	488	488

NOLDEN

AVE.

40.34	56	447	453	459	463	471	103.94	488	488	488	488
2	20	21	22	23	24	25	26	27	28	29	30
80	79	78	77	76	75	74	73	72	71	70	69
81	82	83	84	85	86	87	88	89	90	91	92
1	34	33	32	31	30	29	28	27	26	25	24
40.72	56	444	450	456	464	470	104.06	488	488	488	488

COAKLEY

427	433	439	445	453	461	471	489	497	507	515	521	529	537	545	553	561	569
35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
60.88	63.38	63.38	63.38	63.38	63.38	77.26	76.20	76.20	76.35	71.80	55.91	51	61	61	61	61	61
92	91	90	89	88	87	20	21	22	23	24	25	26	27	28	29	30	31
35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
427	433	439	445	453	461	471	489	497	507	515	521	529	537	545	553	561	569

0.10 AC.

SAN TOMAS

EXPRESSWAY

CONSTANCE DRIVE

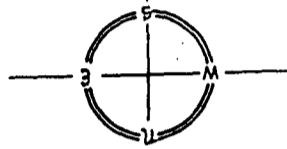
TRACT N° 1620

KIRKWOOD DRIVE

FREEWAY

JUNIPERO SERRA

SCALE 1"=100'



TRACT N° 1235 CYPRESS MANOR UNIT N° 1

X=1575293 Y=301970

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