NORTH STATE TITLE COMPANY

A MEMBER OF THE OLD REPUBLIC TITLE INSURANCE GROUP

360 W. Sycamore Willows, CA 95988
Tel: (530) 934-4657 • Fax: (530) 934-2356

PRELIMINARY REPORT

OUR ORDER NUMBER: 33001441
YOUR NUMBER :
APN: 001-182-001-0, 001-241-001-0

State of California Dept. of General Services
Attention: Terry Todd - Asset Management Branch
707 3rd Street, 5th Floor
Sacramento, CA 95605

PLEASE DIRECT INQUIRIES TO:
Bernie Perry
bperry@northstatetitle.com

Buyer/Borrower : To Follow,
Property Address: 950 W. Laurel Street, Willows, CA 95988

In response to the above referenced application for a Policy of Title Insurance, NORTH STATE TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, through one of its authorized underwriters, 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 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 that 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 Policies 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 on the attached cover 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 **October 29, 2013** at **7:30 a.m.**

Marcia Holder
Title Officer

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

CLTA Standard Coverage Policy - 1990

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:

State of California

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. 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.

EXHIBIT "A"

The land referred to herein is described as follows:

All that certain real property situate in the **City of Willows**, County of GLENN, State of California, and being more particularly described as follows:

Those portions of Blocks Six (6) and Seven (7) of West Willows, in the County of Glenn, State of California, as shown on the map entitled "South Willows, West Willows and Villa Lots of the Willows Land and Improvement Company" now on file and of record in the office of the County Recorder of said County, in Book 1 of Maps and Surveys, at page 49, described as follows:

BEGINNING at the Northwest corner of said Block 7; thence Easterly along the North line of said Blocks 6 and 7 and the prolongation thereof, 550 feet; thence Southerly parallel with the West line of said Block 7 a distance of 225 feet; thence Westerly parallel with the North line of said Blocks, 550 feet to the West line of said Block 7; thence Northerly along said West line 225 feet to the point of beginning.

APN: 001-182-001-0 & 001-241-001-0

INFORMATIONAL NOTES

NOTE 1:

THE CHARGE FOR A PRELIMINARY REPORT OR COMMITMENT, OR WHERE AN ORDER IS CANCELLED AFTER THE ISSUANCE OF THE REPORT OR COMMITMENT WILL BE THAT AMOUNT WHICH, IN THE OPINION OF THE COMPANY, IS PROPER COMPENSATION FOR THE SERVICES RENDERED OR THE PURPOSE FOR WHICH THE PRELIMINARY REPORT OR COMMITMENT IS USED, BUT IN NO EVENT SHALL SAID CHARGE BE LESS THAN THE MINIMUM AMOUNT REQUIRED UNDER SECTIONS 12404 AND 12404.1 OF THE INSURANCE CODE OF THE STATE OF CALIFORNIA.

NOTE 2:

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:

This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 attached.

When issued, the CLTA endorsement form 116 will reference a Government Building - Armory known as 950 W. Laurel Street, Willows, CA 95988.

NOTE 3:

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein with the last three years prior to the date hereof, except as follows:
NONE

IMPORTANT NOTICE - PLEASE READ CAREFULLY:

THE LAND REFERRED TO IN THIS PRELIMINARY REPORT WAS IDENTIFIED IN THE ORDER APPLICATION ONLY BY STREET ADDRESS OR ASSESSOR'S PARCEL NUMBER. THIS LAND HAS BEEN LOCATED ON THE ATTACHED MAP. THE USE OF A STREET ADDRESS OR ASSESSOR'S PARCEL NUMBER CREATES AN UNCERTAINTY AS TO THE CORRECT LEGAL DESCRIPTION FOR THE LAND INVOLVED IN YOUR TRANSACTION. PLEASE REVIEW THE MAP. IS THE CORRECT LAND SHOWN ON THAT MAP? IF YOUR TRANSACTION INVOLVES OTHER LAND, OR MORE OR LESS LAND, THAN THAT SHOWN ON THE MAP YOU SHOULD IMMEDIATELY ADVISE YOUR TITLE OFFICER OR ESCROW OFFICER.

North State 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 North State 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.

ORT 287-C 5/07/01

Disclosure to Consumer of Available Discounts

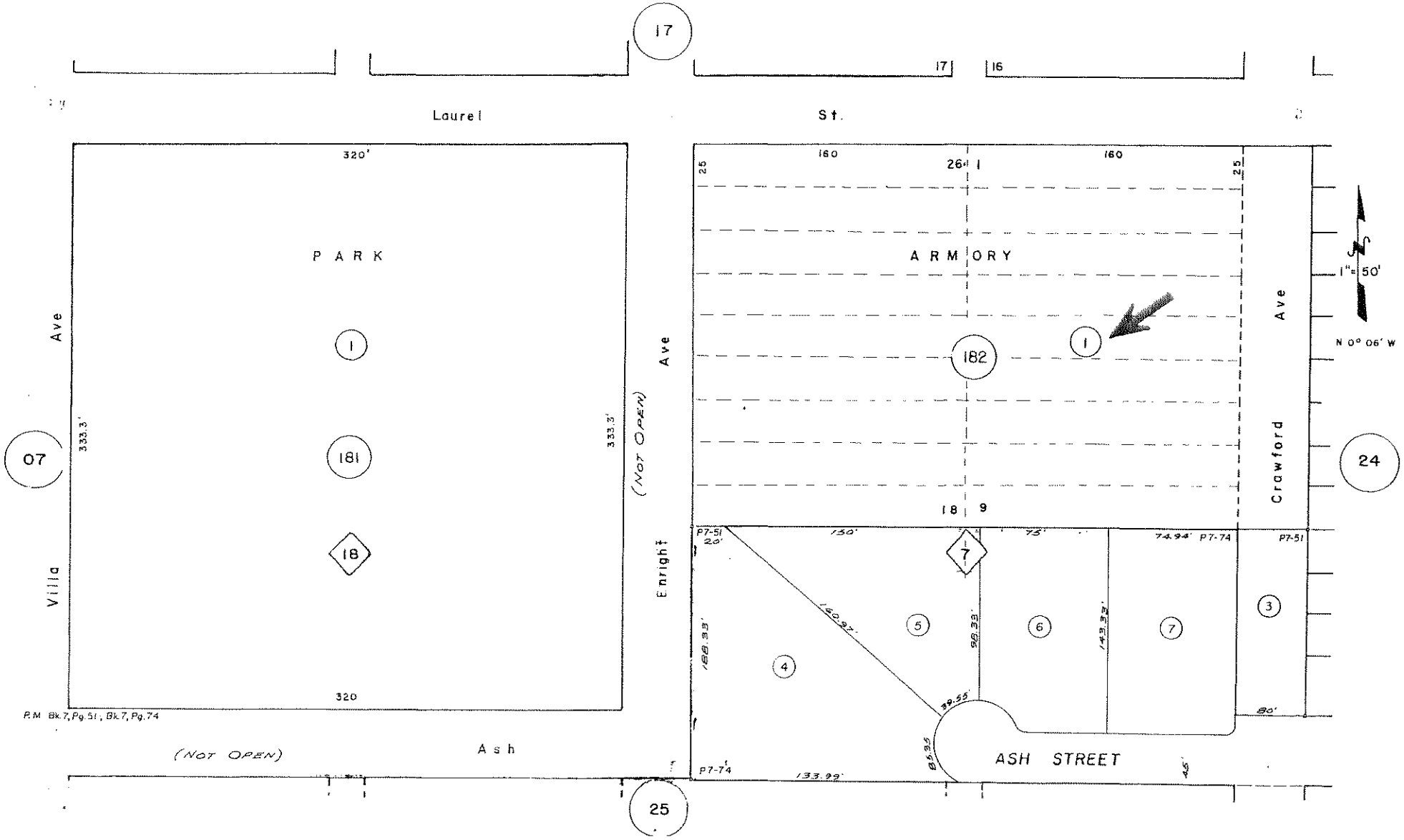
Section 2355.3 in Title 10 of the California Code of Regulation necessitates that North State Title Company provide a disclosure of each discount available under the rates that it, or it's underwriter, Old Republic National Title Insurance Company, have filed with the California Department of Insurance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

You may be entitled to a discount under North State Title Company's escrow charges if you are a first time buyer of a single family one to four unit 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.

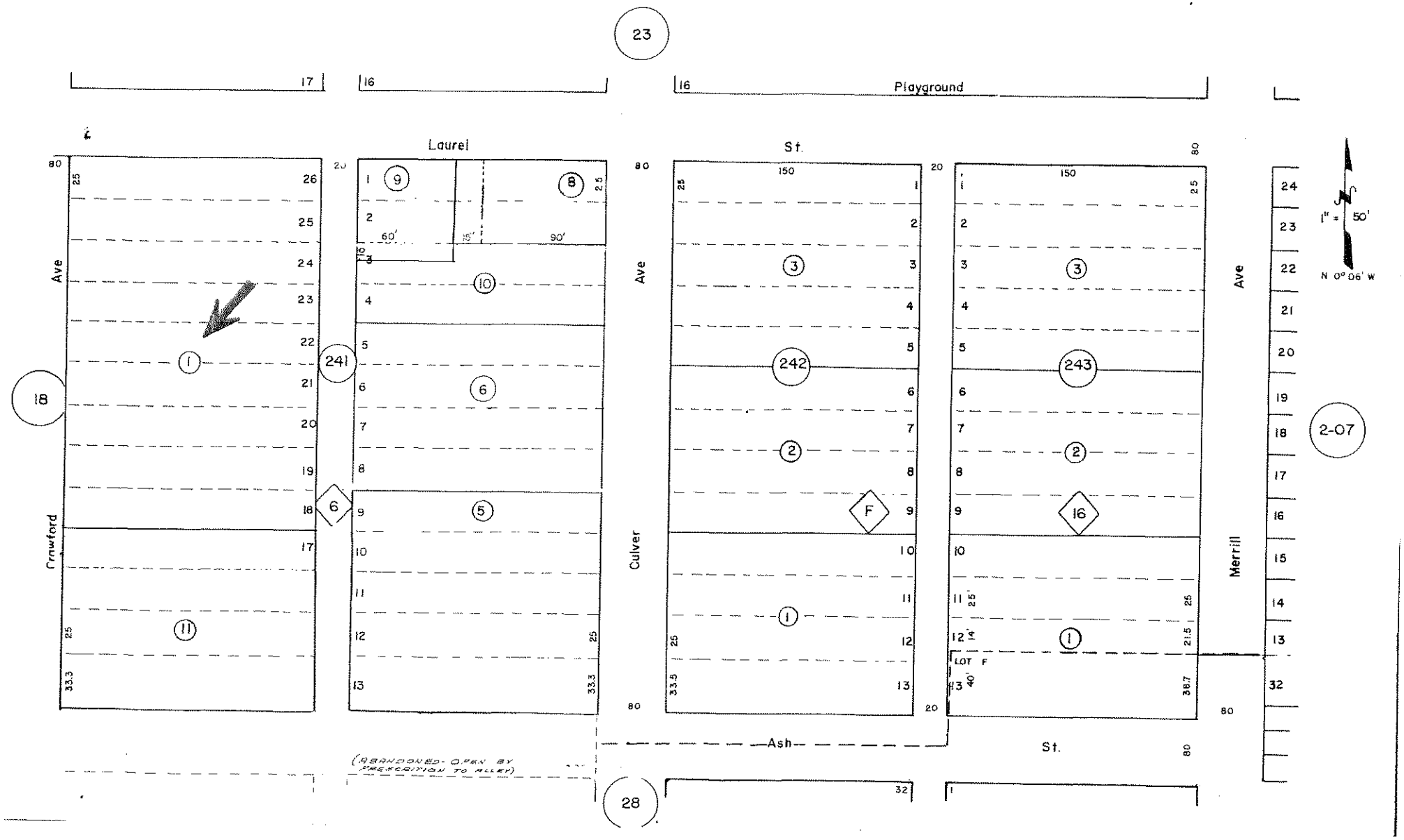
Please ask your escrow or title officer for the terms and conditions that apply to these discounts.

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



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.

WEST WILLOWS KELLEY'S ADD. T.C.A. 1-24



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.

Exhibit A (01-01-08)

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.

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.