



PRELIMINARY REPORT

Bayarea Mortgage
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(408)274-8600

Branch:
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San Jose, CA 95135
Phone: **(408)239-5530** Fax: **(408)239-5539**
Contact: **Aarica L Caro**

Order Number: **41196773-282-MTS**

Property Address:
4469 Houndshaven Way
San Jose, CA 95111

Other Reference:
Borrower: **Minh Quang Hong**

In response to the above referenced application for a policy of title insurance, this Company 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms. Insurance will be issued through Financial Title Company for properties located in California. Financial Title Company is an issuing agent of First American Title Insurance Company. The insurer in policies of title insurance, when issued in this transaction, will be First American Title Insurance Company. The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached.

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 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:

ALTA Standard Loan

Dated as of **August 31, 2007** at 7:30 A.M.

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:

Minh Quang Hong, a single man

LEGAL DESCRIPTION

The land referred to in this Report is described as follows:

All that certain real property situated in the City of San Jose, County of Santa Clara, State of California, described as follows:

LOT 34, AS SHOWN ON THAT CERTAIN MAP ENTITLED "TRACT NO. 5406" WHICH SAID MAP WAS FILED FOR RECORD IN THE OFFICE OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON JUNE 14, 1973 IN BOOK 324 OF MAPS, PAGES 48 AND 49.

APN: 684-47-005-00

ARB: None

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

EXCEPTIONS:

1. General and special taxes and assessments for the fiscal year 2007-2008.

First Installment:	\$2,029.54, PAYABLE
Penalty:	\$0.00
Second Installment:	\$2,029.54, PAYABLE
Penalty:	\$0.00
Tax Rate Area:	17 063
A. P. No.:	684-47-005-00

2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

3. The lien of bonds and assessment liens, if applicable, collected with the general and special taxes.

4. Easements and servitudes as they appear on maps, or in documents recorded in the Official Records of said County.

5. Covenants, conditions and restrictions in instruments recorded in the Official Records of said County and any amendments thereto, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(C).

6. A deed of trust to secure an original indebtedness of \$205,581.00 recorded September 28, 2005 as Document No. 18599537 of Official Records.

Dated:	September 12, 2005
Trustor:	Minh Quang Hong, an unmarried person
Trustee:	PRLAP, Inc.
Beneficiary:	Bank of America, N.A.

7. A deed of trust to secure an original indebtedness of \$150,000.00 recorded February 23, 2006 as Document No. 18817831 of Official Records.

Dated:	February 07, 2006
Trustor:	Minh Q. Hong, an unmarried person
Trustee:	PRLAP, Inc.
Beneficiary:	Bank of America, N.A.

The above deed of trust states that it secures an equity line/revolving line of credit.

Document(s) declaring modifications thereof recorded April 20, 2007 as Document No. 19394159 of Official Records.

8. Any defects, liens, encumbrances or other matters which name parties with the same or similar names as Minh Quang Hong. The name search necessary to ascertain the existence of such matters has not been completed. In order to complete this preliminary report or commitment, we will require a statement of information.

NOTES:

Privacy Promise For Customers

We will not reveal non-public personal customer information to any external non-affiliated organization unless we have been authorized by the customer, or are required by law.

Occasionally, due to certain market conditions, it may not be possible to deliver policies of title insurance in a time frame that our clients request. Should you have individual needs please contact the title operation that issued this report. We recognize, appreciate and understand your needs.

- a. This report does not reflect requests for notice of default, requests for notice of delinquency, subsequent transfers of easements, and similar matters not germane to the issuance of the policy of title insurance anticipated hereunder.
- b. If this company is requested to disburse funds in connection with this transaction, Chapter 598 of 1989 Mandates of the California Insurance Code requires hold periods for checks deposited to escrow or sub-escrow accounts. Such periods vary depending upon the type of check and anticipated methods of deposit should be discussed with the escrow officer.
- c. No endorsement issued in connection with the policy and relating to covenants, conditions, or restrictions provides coverage for environmental protection.
- d. Our investigation has been completed and the improvements located on the land described herein is a Single Family Residence known as **4469 Houndshaven Way, San Jose, CA 95111**

At the close of escrow, an ALTA Lenders Policy of Title Insurance will be issued with 100 and 116 series Endorsements.

- e. If the land is an improved residential lot on which there is located a Single Family Residence and each insured buyer is a natural person, and unless otherwise directed, we will issue the extended coverage CLTA Homeowners Policy of Title Insurance (6/2/98).

1. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
3. Short term rate applies.

Additional Recording Information for this Transaction

Please send your documents for recording to your respective title department.
Please reference and collect the following amount on your estimated settlement statement and
final HUD-1:

Property County: Santa Clara
Title Court Fee per Document: \$6.00

EXHIBIT "A"

LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

CLTA Preliminary Report Form
(Rev. 6/98)

CLTA PRELIMINARY REPORT FORM
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY FORM - 1990
AND
CALIFORNIA LAND TITLE ASSOCIATION HOMEOWNER'S POLICY - EAGLE (6/2/98)
EXCLUSIONS FROM COVERAGE

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 of violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17, or 24.

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 apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
4. Risks:
 - a. that are created, allowed or agreed to by you, whether or not they appear in the Public Records;
 - b. that are known to you at the Policy Date, but not to us, unless they appear 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.d, 22, 23, 24, or 25.
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 18.

2. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 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 and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (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.

Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise 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.

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) 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 (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at 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.
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 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 statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' right laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure: (i) to timely record the instrument of transfer; or (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusion from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

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.
2. 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.
3. 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 by making inquiry of persons in possession thereof.
4. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
5. 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.
6. (a) Unpatented mining claims; (b) reservations or exception in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matter excepted under (a), (b), (c) are shown by the public records.

Notice of Opportunity to Earn Interest

You have the opportunity to earn interest on the funds you deposit with us by instructing us to deposit your funds into an interest bearing account. (You do not have an opportunity to earn interest on any funds deposited by a lender.) If you elect to earn interest, there is an additional fee in the amount of \$50.00 for establishing and maintaining such an account. It is important that you consider this cost as it may exceed the actual interest you earn.

Example: A regular savings deposit of \$1,000.00 at an average interest rate of 3.0%* per annum for a 30 day period:

<u>Deposit</u>	x	<u>Rate</u>		<u>Annual</u>	x	<u>Days</u>	=	<u>Total Interest Earned</u>
\$1,000.00	x	03		360	x	30	=	\$2.50

PLEASE READ THE FOLLOWING CAREFULLY:

A. If you do not want to have your funds deposited into an interest-bearing account, please initial alongside this paragraph and return this Notice and such will constitute an instruction to us that your funds be deposited into Financial Title Company's general escrow account. Likewise, non-receipt of this form will also constitute an instruction to us that your funds be deposited into Financial Title Company's general escrow account. For important information regarding the general escrow accounts, please read the disclosure in Paragraph C below.

B. If you elect to have your funds earn interest in an interest bearing account using Financial Title Company's depository bank, you MUST sign this form, below, and return to Financial Title Company. In addition, you will also need to execute a W-9 and Interest Bearing Account Authorization form, which you can obtain by requesting from your Financial Title Company representative. Please Note – all aforementioned forms are required in our possession before your account can be opened and any interest can be accrued. Please be advised that you will be responsible for reporting all earnings to the applicable taxing authorities.

C. Should you not elect to earn interest on your deposit, your funds will be deposited into our general escrow account at a financial institution insured by the FDIC. The general escrow account is restricted and protected against claims by third parties or creditors of Financial Title. This is a non-interest bearing account; however, Financial Title Company, may receive certain financial benefits from that financial institution because of the general escrow account and its ongoing banking relationship. These benefits may include, without limitation, credits allowed by such financial institution on loans to Financial Title Company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. We do not have an obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by Financial Title Company. Any such benefits shall be deemed additional compensation of Financial Title Company for its services in connection with the escrow.

ELECTION TO EARN INTEREST:

I HEREBY AUTHORIZE AND DIRECT FINANCIAL TITLE COMPANY TO OPEN AN INTEREST BEARING ACCOUNT AT FINANCIAL'S DEPOSITORY BANK AND TO CHARGE THE ADDITIONAL FEE FOR THIS SERVICE.

SIGNATURE: _____

DATE: _____

SIGNATURE: _____

DATE: _____

