



First American Title Insurance Company

Short Form Commercial Loan Policy

ALTA Loan Policy PLUS all of the following BUILT-IN coverages:

- Use not impaired by easements or CC&Rs
- Expanded survey coverage
- Protection against options to purchase or rights of first refusal in leases
- Revolving credit advances
- Type of improvements & property address
- Comprehensive REM (ALTA 9)
- Variable interest (ALTA 6)
- Negative amortization (ALTA 6.2)
- Environmental protection (ALTA 8.1)

Increased coverages!

Benefits to Lender:

- ◆ **NO ADDITIONAL PREMIUM!**
- ◆ **NO SURVEY REQUIRED!**
- ◆ **REDUCES LENDER'S COSTS:**
 - Reduces audit costs by reducing discrepancies between recording instructions & policy
 - Reduces due diligence requirements (i.e. no need for lender to review survey, CC&Rs, tenant leases re options/rights of first refusal, etc.)

Decreased costs!

As with any insurance contract there are exceptions, exclusions, and conditions to coverage contained in the policy. Some coverages may not be available in your area, or for your transaction due to legal, regulatory or underwriting considerations.

Form No. 3720

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Short Form Commercial Loan Policy

ISSUED BY

First American Title Insurance Company

SCHEDULE A

Amount of Insurance:

Premium:

File Number:

Mortgage Amount:

Policy Number:

Loan Number:

Mortgage Date:

Date of Policy:

or the date of recording of the insured mortgage, whichever is later.

Name of Insured:

Name of Borrower(s):

Property Address:

County and State:

Type of Improvements:

The estate or interest in the land identified in this Schedule A and which is encumbered by the insured mortgage is fee simple and is at Date of Policy vested in the borrower(s) shown in the insured mortgage and named above.

The land referred to in this policy is described as set forth in the insured mortgage.

This policy consists of one page, including the reverse side hereof, unless an Addendum is attached.

SUBJECT TO THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B BELOW, AND ANY ADDENDUM ATTACHED HERETO, FIRST AMERICAN TITLE INSURANCE COMPANY, A CALIFORNIA CORPORATION, HEREIN CALLED THE "COMPANY", HEREBY INSURES THE INSURED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, EXCLUSIONS, CONDITIONS AND STIPULATIONS SET FORTH IN THE AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92). ALL OF WHICH ARE INCORPORATED HEREIN. ALL REFERENCES TO SCHEDULES A AND B SHALL REFER TO SCHEDULES A AND B OF THIS POLICY.

Incorporated herein in their entirety are:

1. ALTA Endorsement Form 6 (Variable Rate), if the insured mortgage secures obligations which provide for an adjustable interest rate.
 2. ALTA Endorsement Form 6.2 (Variable Rate - Negative Amortization), if the insured mortgage secures obligations which provide for both an adjustable interest rate and negative amortization.
 3. ALTA Endorsement Form 8.1 (Environmental Protection Lien), deleting therefrom that portion limiting the coverage to residential property, referring to the following state statutes: _____.
 4. ALTA Endorsement Form 9 (Restrictions, Encroachments, Minerals).
- Addendum attached.
 No Addendum attached.

[Witness clause optional]

First American Title Insurance Company

By: Gary L. Keruott
President

By: Mark A. Arsen
Secretary



The Company further insures, as of Date of Policy shown in Schedule A, against loss or damage sustained or incurred by the Insured by reason of:

1. The invalidity, unenforceability or lack of priority of the lien of the insured mortgage as to subsequent advances that do not have the same priority over liens, encumbrances and other matters disclosed by the public records as do advances secured by the insured mortgage as of the Date of Policy, except for liens, encumbrances or other matters, the existence of which are actually known to the insured prior to the date of the advances.
2. Any violation, variation, encroachment or adverse circumstance affecting the title that would have been disclosed by an accurate survey, not otherwise covered by ALTA Endorsement Form 9. The term "encroachment" includes encroachments of existing improvements located on the land onto adjoining land, and encroachments onto the land of existing improvements located on the adjoining land.
3. The failure of the land to have the Type of Improvements and Property Address shown in Schedule A.

SCHEDULE B

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 the matters set forth below, except as expressly stated below or in any endorsement incorporated by reference, but limited by any addendum attached hereto:

1. Those taxes and special assessments which become due and payable subsequent to Date of Policy.
2. Covenants, conditions and restrictions, if any, appearing in the public records ("CC&Rs"). This policy provides coverage if: (a) the CC&Rs have been violated, except that this insurance does not extend to CC&Rs relating to environmental protection unless a notice of violation thereof has been recorded or filed in the public records and is not referenced in an addendum attached hereto; (b) a future violation of any CC&Rs, including any relating to environmental protection, results in a forfeiture or reversion of title; (c) there are any provisions in the CC&Rs under which the lien of the insured mortgage can be extinguished, subordinated or impaired; or (d) the present use of the land is or will be adversely affected or impaired by reason of the CC&Rs.
3. The easements or servitudes appearing in the public records ("Easements"). This policy provides coverage if: (a) any of the improvements encroach upon the Easements; (b) any use of the Easements for the purposes granted or reserved interferes with or damages the improvements, including lawns, shrubbery and trees; or (c) the present use of the land is or will be adversely affected or impaired by reason of any Easements.
4. Parties in possession, as tenants only, under leases existing at Date of Policy. This policy provides coverage if any of the leases affecting the land contain an option to purchase or a right of first refusal, and if any such option to purchase or right of first refusal has not been subordinated to the lien of the insured mortgage by a duly authorized subordination agreement.
5. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the public records. This policy provides coverage if: (a) the present use of the land is or will be adversely affected or impaired by reason of the lease, grant, exception or reservation of minerals or mineral rights; and (b) existing improvements, including lawns, shrubbery and trees, are damaged by reason of the future exercise of any right to use the surface of the land for the extraction of minerals or development of mineral rights so leased, granted, excepted or reserved.