



USA National Title Company, Inc.
333 Gellert Blvd., Suite 136
Daly City, CA 94015-2622
Phone (650) 993-6912 • Fax (650) 993-6913
www.usanationaltitle.com

ESCROW OFFICER: Jorge Gutierrez

Email: jgutierrez@usa-ntc.com

TO: USA National Title Company, Inc
333 Gellert Blvd., Suite 136
Daly City, CA 94015-2622

Escrow No.: 182102609

ORDER NO. 042115969-10

PROPERTY ADDRESS: 1443 25th Avenue, San Francisco, CA 94122

PRELIMINARY REPORT

EFFECTIVE DATE: May 24, 2021 as of 7:30 a.m.

In response to the application for a policy of title insurance referenced herein. USA National Title Company, Inc. 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. Limitations on Covered Risks applicable to the CLTA and ALTA 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.

The policy(s) of title insurance to be issued hereunder will be policy(s) of North American Title Insurance Company.

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.

SCHEDULE A

The form of Policy or Policies of title insurance contemplated by this report is:

American Land Title Association Loan Policy (2006)
ALTA Homeowner's Policy (2010)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

FEE SIMPLE
2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Lucia Sunset LLC, a California Limited Liability Company
3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF.

EXHIBIT 'A'

Commencing at a point on the westerly line of 25th Avenue distant thereon 250 feet southerly from the southerly line of Judah Street; running thence southerly and along said line of 25th Avenue 25 feet; thence at a right angle westerly 120 feet; thence at a right angle northerly 25 feet; thence at right angle easterly 120 feet to the point of commencement.

Being Part of Outside Land Block No. 744.

APN: 14-1828-003C-01

SCHEDULE 'B'

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PREPRINTED GENERAL EXCEPTIONS (SHOWN BELOW) AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

General Exceptions:

1. 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, 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 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. Discrepancies, conflicts in boundary lines, shortages in area, encroachments, or any other fact 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.
6. Any lien or right to a lien, for services, labor or materials unless such lien is shown by the Public Records at Date of Policy.

Special Exceptions:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2021 – 2022 which are a lien not yet payable.
2. General and Special City and/or County taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2020 - 2021:

1st Installment:	\$1,158.34 Paid
2nd Installment:	\$1,158.34 Paid
Land Value:	\$33,951.00
Improvements:	\$89,085.00
Exemption:	\$0.00
Code Area:	01-000
Assessment No.	14-1828-003C-01

3. Assessments, if any, for community facility districts affecting said land which may exist by virtue of assessment maps or notices filed by said districts. Said assessments are collected with the County Taxes.
4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction prior to Date of Policy.

5. The herein described property lying within the proposed boundaries of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing), as

District No.: 2009-1
For: San Francisco Sustainable Financing
Disclosed by: Map filed December 7, 2009, in Book 1 of Maps of Assessment and Community Facilities Districts, Page 33

6. Water rights, claims or title to water in or under said land, whether or not shown by the public records.
7. Covenants, conditions, and restrictions as set forth in instrument recorded April 11, 1912 in Book 634 of Deeds, Page 74 under Recorder's Serial Number M-39610, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap; but does not discriminate against handicapped persons.

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 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.

8. Rights of parties in possession.

To determine if the above referenced item can be deleted or modified the Company will require that the attached "Owners Information Statement" be completed by the owner of the estate described or referred to in Schedule A and be returned to USA National Title Company, Inc. as soon as possible prior to the close of escrow.

The purposes of the Owner's Information Sheet, is to provide the Company with certain information that cannot necessarily be ascertained by making a physical inspection of the land.

9. **Please be advised that our search did not disclose any open Deeds of Trust of record. The company will require the enclosed affidavit be signed and notarized in Escrow and submitted to USA National Title prior to the close of escrow. If the affidavit is signed and notarized outside of the Escrow the company will require copies of two forms of valid photo ID.**

10. Prior to the issuance of any policy of title insurance, the Company will require the following with respect to Lucia Sunset, LLC, a California limited liability company:

- (1) Evidence that the LLC is in Good Standing, and its rights to do business have not been suspended for any reason.
- (2) A copy of its operating agreement and any amendments thereto must be submitted to the Company for review.
- (3) A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) must be submitted to the Company for review.
- (4) With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented to the Company for

recording or upon which the Company is asked to rely, such document or instrument must be executed in accordance with the following:

- (a) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of the written operating agreement, such document or instrument must be executed by at least two duly elected or appointed officers as follows: the chairman of the board, the president, vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer.
 - (b) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document or instrument must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
- (5) Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
11. We will require a Statement of Information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: All Parties

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

12. This transaction may be subject to the current FinCEN Geographic Targeting Order issued by the Director of FinCEN pursuant to 31 U.S.C § 5326(a); 31 C.F.R. § 1010.3760; and Treasury Order 180-01. The policy issuing agent must be provided with certain information prior to closing pursuant to the GTO. This transaction will not be insured, and this issuing agent and/or its underwriter will not be involved in the closing and settlement until this information is reviewed by the issuing agent and submitted to FinCEN via the BSA E-Filing through the FinCEN e-file platform.
13. In the event the contemplated transaction involves a loan from a Non-Institutional Lender (i.e. Hard Money or Private Party, other than a Seller Carry Back Loan), please refer to the Requirements shown as Note #9 in the Preliminary Report.

End of Schedule 'B'

NOTES AND REQUIREMENTS

NOTE 1: The requirement that this company be furnished with a Statement of Information from the party named below in order to complete this report, based on the effect of documents, 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.

Party: ALL PARTIES

The company reserves the right to add additional items or make further requirements after review of the requested statement(s) of Information

(NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the company in the elimination of certain matters which may appear to involve the party but in fact affect another party with the same and/or similar name be sure that the Statement of Information is essential and will be kept strictly confidential to this file.)

NOTE 2: If any Deed of Trust in Favor of 'Private Parties' is to be omitted from Policy of Title Insurance, we will require that the original Note, Deed of Trust and properly executed and Notarized Request for Full Reconveyance be surrendered prior to the close of escrow. To avoid potential delays, please forward said document/s at least one week prior to close.

NOTE 3: Section 12413.1, California Insurance Code, commonly known as Assembly Bill 512, became effective January 1, 1990. This legislation deals with disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds deposited and collected by the title entity's escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed, in order to avoid any such delays, all funding should be done through wire transfer, certified check or checks drawn on California financial institutions.

NOTE 4: On July 1, 1985 Assembly Bill 3132 became effective. Assembly Bill 3132 adds and repeals portions of sections 480.3 and 480.4 of the Revenue and Taxation Code of the State of California.

The act requires the County Assessor and/or Recorder to make available a statutorily prescribed form entitled 'Preliminary Change of Ownership Report'. Said report must be completed by the buyer and filed concurrently with the recordation of the documents evidencing the change of ownership. Failure to present the Change of Ownership Report at the time of recordation will cause the County Recorder to charge an additional \$20.00 penalty recording fee. The fee cannot be charged if the transfer document is accompanied by the affidavit stating that the buyer/transferee is not a resident of the State of California. This report is for official use only and is not open to public inspection.

For further information, contact the Change of Ownership Section in the Assessor's Office located in the County of said property or the County Recorder's Office located in the County of said property.

NOTE 5: USA National Title Company may charge a Reconveyance Service Fee to effectuate the recording of a reconveyance of Deed of Trust, under which any Deed of Trust is paid off through its subescrow or any of its escrow branches. This Reconveyance Service Fee covers all the cost of preparation of and recordation of the appropriate documentation. By proceeding with the transaction, after the receipt of a Preliminary Report, all parties involved in any transaction with USA National Title Company acknowledge and consents to the charge of a Reconveyance Service Fee.

NOTE 6: If applicable, please note the following: The land referenced 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 located on the map? If your transaction involves other land, more land or less land than indicated on the map you should advise your title officer or escrow officer immediately.

NOTE 7: Wiring instructions for USA National Title Company are as follows:

Please contact your Escrow Officer for wire instructions.

Please reference the following escrow number on all wires: 182102609

These wiring instructions are for this specific transaction involving the Title Department of USA National Title Company. These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

NOTE 8: Sub-Escrow and Wire/overnight processing fees will be as follows:

Effective for New Resale Orders Only opened on or after December 15, 2018 the Sub-Escrow Fee will be increased \$150. For Refinance Orders the Sub-Escrow fee will remain at \$65.

Wire/Overnight processing fees:

The below wire fees are inclusive of our service/processing fees, and any charges we may incur from our bank as well as overnight/expedited delivery charges in the event a recipient does not accept fed wire transactions.

Residential Refinance transactions will be charged a flat wire/overnight processing fee of \$30.00 for up to 4 wires. Each additional wire will be charged a wire processing fee of \$10.

Residential Purchase transactions will be charged a flat wire/overnight processing fee of \$60.00 for up to 8 wires. Each additional wire will be charged a wire processing fee of \$10.

Above wire/overnight processing fees do not apply to Commercial Property or Construction Loan transactions. For those transactions the wire processing fee will be \$15 per wire.

NOTE 9: IMMEDIATE ACTION REQUIRED – Expanded Underwriting Requirements for California Hard Money Lender Transactions

Our Underwriters have added the following requirements for the closing and insuring of hard money loans.

A hard money loan is defined to be any real estate financing transaction where the lender is anyone other than a federal- or state- regulated financial institution, such as a bank or insurance company. Seller financing, whereby a seller of real property takes back a purchase money mortgage is not considered to be a hard money loan.

1. Personal Contact with Customer – All hard money loan transactions in excess of \$500,000 are required to be closed in either the affiliated or independent escrow agent's office. The signer must personally appear and execute the loan documents before a notary, who is:

- i) Employed by the title or escrow agent,**
- ii) On the title or escrow agent's approved list, or**
- iii) Pre-approved by underwriting counsel.**

Accommodation can be made for customer convenience on a case-by-case basis, subject to prior underwriting counsel approval. Acknowledgement by any traveling notary on loans in excess of \$1 million, hard money, is strictly prohibited.

2. Notarial Requirements for All Transactions – Regardless of the loan amount, the title agent shall require the notary to provide to the title agent before closing and disbursement, a copy of all of the following:

- i) **Two forms of ID** presented by the signer to the title agent before closing, one photo ID and one non-photo ID. Both copies shall be retained in a secure file taking care to securely retain any NPI, (no need for the CCD number/back of credit cards). If an independent escrow officer is involved, contact the notary directly to confirm the execution of documents.
- ii) Notary journal page containing the signer's signature and thumb print, clearly provided, and
- iii) Statement from the notary as to where the signing occurred.

3. 125% Loan Policy Coverage – Any loan transaction requesting 125% liability coverage in the loan policy shall be considered an **extraordinary risk and require underwriting counsel prior approval in the same manner as any Over Limits Approval, regardless of the amount of the transaction.** These transactions must be submitted no less than 48 hours before recording.

4. Wires – No wire of hard money loan borrower proceeds shall be sent to any party other than the record titleholder or titleholder entity of the property being financed. **CAVEAT: In order to verify the validity of this type of transaction, the title agent shall be required to perform a sub-escrow and disburse proceeds in the transaction.**

5. Free and Clear Properties – On free and clear properties, the escrow officer shall provide to the title agent proof of personal contact with the borrower. At a minimum, the escrow agent shall, upon opening the order, correspond with the titleholder of record (tax rolls) by sending a letter via Fedex or U.S. Mail to confirm the titleholder is aware of the impending financing transaction which will encumber its free and clear property.

NOTE 10: If this transaction is a **"SHORT SALE"** USA National Title Company will require the following items be submitted for our review, verification, and approval "prior" to closing. Based on the documentation presented to the company, USA National reserves the right to request additional documentation prior to closing. **Please utilize these guidelines in order to prevent delays in closing the transaction.**

Whenever possible, please advise the Listing Agent or Short Sale Negotiator to submit the Title Officer named in this Preliminary Report to the Short Sale Lender or into any online system the Short Sale Lender may utilize as an authorized person for the purpose of allowing the lender to provide them with information regarding the transaction.

Valid and Current Demands or Releases from **ALL RECORDED LIEN HOLDERS** (Deeds of Trust, Judgments, Tax Liens, HOA Liens, City and County Liens, etc...). Expired demands will not be accepted and therefore new demands or extensions from the lender(s) or creditor(s) will be required prior to closing.

A copy of the negotiated **"SHORT SALE APPROVAL LETTER(S)"**.

A separate **HUD APPROVAL LETTER** or email from the lender(s) approving the HUD.

A **HUD APPROVAL LETTER** or email cannot be considered the lender's extension of the **SHORT SALE** closing date, unless the approval letter or email specifically makes that statement. Otherwise an email extension or new approval letter extending the closing date will be required.

A copy of the HUD that was submitted to the lender(s) or credit(s) to receive the approval.

A Certified Copy of the Final HUD to accompany closing documentation for the SHORT SALE LENDER(S). Funds will not be disbursed until the Final HUD has been submitted.

If the property is the subject of a foreclosure and the Trustee's Sale is scheduled, in order to afford sufficient time to effectuate the payoff and make sure the Trustee's Sale is cancelled, USA National Title requests that the Trustee's Sale be postponed if the scheduled Sale Date is within 3 days of the proposed closing date.

All Demands should be signed by the Owner(s). This has become a requirement of many of the Short Sale Lenders.

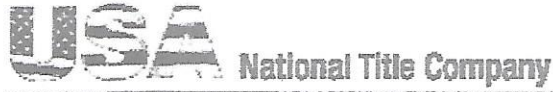
USA National Title will require specific Releases or an Order from the Bankruptcy Court avoiding any liens that attach the property regardless of whether the Owner may have discharged them in Bankruptcy. Additionally, if the Owner has filed Bankruptcy, we will require proof the Bankruptcy case is closed or a copy of the Order Abandoning the Property or an Order from the Bankruptcy Court authorizing the Sale and its terms prior to recording and insuring. A Relief of Automatic Stay is not sufficient for this purpose.

ALL LIEN HOLDERS must approve in writing any payment to another **LIEN HOLDER** that is subordinate/junior to their LIEN. A HUD approval is sufficient, provided **RECORDED LIENS** are shown as such on the HUD, along with any additional contributions by the Seller(s), Buyer(s) and Broker(s) and not merely as additional closing costs.

ALL contributions from the **SELLERS, BUYERS, or BROKERS** to close the transaction need to be approved by the **SHORT SALE LENDER(S)** and disclosed on the HUD that is being submitted for approval.

In the event the buyer of the property intends to resell this property within a short period of time, depending on the circumstances at the time of the resale USA National 'may require' the **SHORT SALE DEED/S OF TRUST** be reconveyed prior to the issuance of any future policy of title insurance. Please be advised USA National has no control over if or when a lender may issue their reconveyance.

NOTE 11: 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) or if the property qualifies. If each insured to be named in Schedule A is not such a Natural Person of the property does not qualify, then a CLTA Owners Policy or 2006 ALTA Owners Policy will be issued.



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PRIVACY ACT NOTICE

Escrow Officer: Jorge Gutierrez
Escrow Number: 182102609
Title Number: 042115969

USA National Title Company, has prepared this Privacy Act Notice to comply with the Gramm-Leach-Bliley Act, Public Law 106-102 and to inform you regarding its collection, storage and use of information that you and others give it during the processing of your escrow transaction. The information in this Privacy Act Notice applies to Escrow Holder's current and former clients.

1. Categories of Information Title Collects. We collect nonpublic personal information about you from the following sources:

A. Information from you in letters and other communications as well as in forms including Statement of Identity, data collection regarding the financial status of the property or you and on other forms; and

B. Information directly from third parties including real estate sales agent brokers, mortgage companies and lenders, title companies, contractors, bookkeepers and accountants, attorneys, homeowners associations, insurance agents, federal, state or local tax or government authorities or from officers who may give us information on forms by other methods including but not limited to, telephone, e-mail, facsimile transmission.

2. Categories of Parties To Whom Title Discloses. We may disclose nonpublic personal information about you to the following types of third parties:

A. Financial service providers such as title insurance and underwritten title companies, mortgage companies and lenders as well as insurance agents and companies associated with your escrow transaction.

B. Nonfinancial companies such as homeowners associations, attorneys, bookkeepers, and accountants, federal, state or local tax or government authorities, real estate sales agents and brokers associated with your escrow transaction.

C. Service providers including contractors, structural pest control operator, others rendering services to you or the real property or business that is the subject of this escrow transaction.

We may also disclose nonpublic personal information about you to nonaffiliated third parties as permitted by law. Otherwise, we do not disclose personal or confidential information to anyone outside our company without your consent. We will adhere to the privacy policies and practices as described in this Privacy Act Notice.

We restrict access to our personal and title file information to those employees who need to know that information 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. Your information is stored in a secure place on a secure computer and in physical files. When we replace computers, we erase old disks or reformat them before disposal. When we dispose of old physical paper files, we have it shredded and recycled by a bonded security company.

You may direct all questions regarding the policies set forth in this Privacy Act Notice to your Title Officer.