



Wallowa Title Company Since 1907

TITLE INSURANCE • ESCROW

109 SE First Street · Enterprise, Oregon 97828 Phone (541) 426-3829 Toll Free 1-800-760-2193 Fax (541) 426-4707 · email: wtc@oregontrail.net

May 9, 2008

PRELIMINARY REPORT NO. 22500-1 (JDR)
ESCROW NO. N/A
RE: UNITED STATES OF AMERICA
PROPERTY ADDRESS: 404 Leone Ave
Enterprise OR 97828

Wallowa-Whitman National Forest
ATTN: Laura Livingston
1550 Dewey Avenue
Baker City OR 97814

We are prepared to issue title insurance through First American Title Insurance Company in the form of **ALTA STANDARD OWNER'S POLICY** insuring title to land described as:

Lot 21, HYLAND TERRACE RE-SUBDIVISION, Enterprise, Wallowa County, Oregon, as shown by the Plat thereof on file and of record in the Office of the County Clerk of said County and State in Book 2 of Plats, Page 39.

In the amount of:

\$ _____

Premium: \$ _____ (Reflects re-issue credit)

And as of May 7, 2008, at 8:00 A.M., title is vested in:

UNITED STATES OF AMERICA

SUBJECT TO the exceptions shown on Schedule of Exclusions from Coverage and Schedule of Standard Exceptions attached and incorporated herein, and:

1. All rights of way for ditches, public utilities and public roads as the same may now exist over and across the herein described property.
2. Protective Covenants, Conditions and Restrictions including terms and provisions thereof as disclosed by instrument recorded in Book 67 of Deeds, Page 363, and any amendments thereto.

(2007-08 taxes paid in full: NONE ASSESSED (2S44 1BB TL5000, Ref#1423))

THIS REPORT IS PRELIMINARY to the issuance of a policy of title insurance. No liability is assumed hereunder until a policy is issued and the full premium paid.

WALLOWA TITLE COMPANY

Jody Riggs
e-mail: jriggs@wallowatitle.com

NOTE: City Liens, if any, of the City of Enterprise, Wallowa County, Oregon.



Agent for FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON



First American Title Insurance Company of Oregon

SCHEDULE OF EXCLUSIONS FROM COVERAGE

ALTA LOAN POLICY (10/17/92)

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.
(b) 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 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' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

ALTA OWNER'S POLICY (10/17/92)

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.
(b) 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; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

SCHEDULE OF STANDARD EXCEPTIONS

The ALTA standard policy form will contain in Schedule B the following standard exceptions to coverage:

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 said land or by making inquiry of persons in possession thereof.
3. Easements, encumbrances, or claims thereof, not shown by the public records, unpatented mining claims, reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose.



5/02/08

WO

9:58

TAX HISTORY

T10200

REF# 1423 REAL MAP/LOT 02S4401BB 5000

CODE 211

OWNER USA

C/O

FEE DUE .00

ADDR

TOTAL DUE .00

1 CTY/ST

00000

INTEREST DATE (CMD-22 TO CHANGE)

YR M JV ASD VAL TAX AMT - TAX PD = TAX DUE + INT/-DISC = BAL DUE

TOTALS

1-HLP 2-FE 3-PHS 4-JV 5-DET 7-EQJ 8-CLR 9-PRV 10-NXT 13-1/3 14-LEN 16-COM 19-MN



5/02/08

WO

9:57 EXEMPT CLASS

REAL PROPERTY

INQUIRY

A10100

REF # 2008 R 1423

| MAP# | LOT# | A NUM | CODE | PCL | MCL | AP | VA | ZONE | PAR# | %.xxxx | REAL# | PR |
|-----------|------|-------|------|-----|-----|----|-----|------|------|--------|-------|----|
| 02S4401BB | 5000 | | 211 | 971 | 971 | 0 | GDV | R-1 | | | | |

OWNER USA

ET ALS

CNTRCT

Pg 1

ADDR

CTY/ST

00000

SC DEF

SITUS: ENTERPRISE

SITUS: 404

LEONE AV

L/LE/X/EM:

ACTION CODES

YR AP

0000 APPR RW WORTMAN

ACRES

.00 SPC ASM

RMV

M5 VALUE

AV

LAND

41,370

41,370

NOTES

IMPROV

104,140

104,140

SUBTOT

145,510

145,510

LESS EXEMPTIONS:

0

LESS VET EXEMPT:

NET VALUES:

145,510

1-KEY 2-IMP 3-LND 7-EOJ 8-CLR 9-BACK 10-FORWARD 17-JV/TL 22-SALES 23-TAX INQ

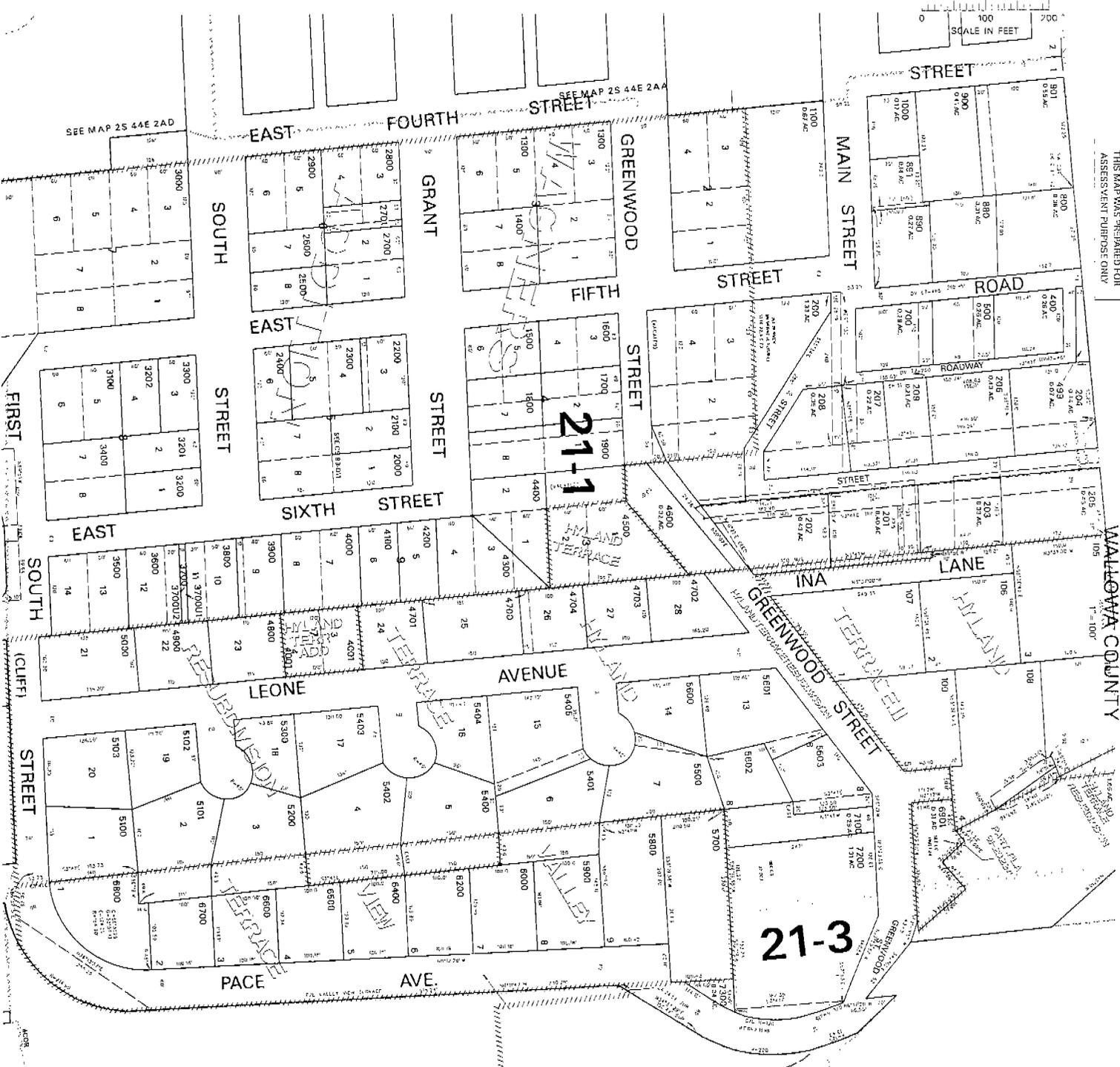
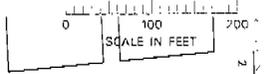
WE DO NOT GUARANTEE THE ACCURACY OF THIS MAP NOR IS IT A PART OF OUR REPORT

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSE ONLY

NW1/4 NW1/4 SECTION 01 T.02S. R.44E. W.M. MALDEN COUNTY

02S 44E 01BB

- CANCELLED NO.
- 102
- 103
- 104
- 300
- 600
- 1200
- 4705
- 5604
- 5898
- 6103
- 6320
- 7020



SEE MAP 2S 44E 18A

02S 44E 01BB

PRINTED ON 02/07/07

02S 44E 01BB

WALLOWA TITLE COMPANY PRIVACY POLICY

WE ARE COMMITTED TO SAFEGUARDING CUSTOMER INFORMATION

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, we have adopted this Privacy Policy to govern the use and handling of your personal information.

APPLICABILITY

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use the information we have obtained from any other source, such as information obtained from a public record or from another person or entity.

TYPES OF INFORMATION

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- ✓ Information we receive from on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means.
- ✓ Information about your transactions with us, our affiliated companies or others; and
- ✓ Information we receive from a consumer reporting agency

USE OF INFORMATION

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us, or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect as described above to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

FORMER CUSTOMERS

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

CONFIDENTIALITY AND SECURITY

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy. We currently maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.
