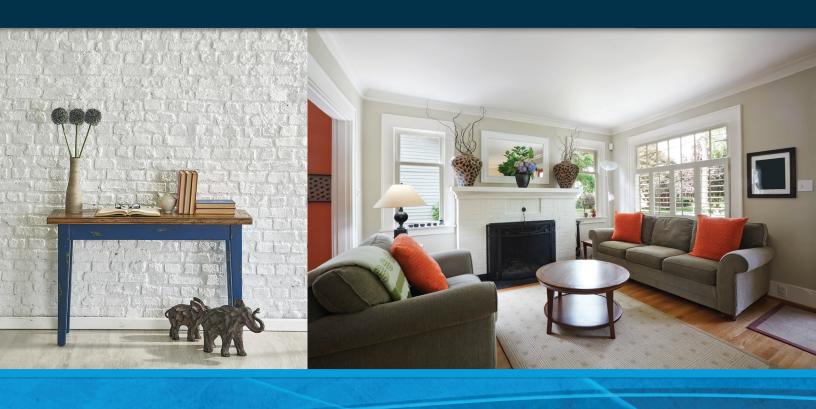
HOW TO READ A PRELIMINARY TITLE REPORT





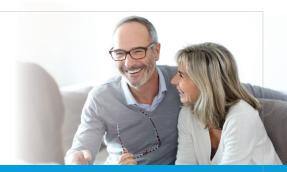
OREGON

TABLE OF CONTENTS

What is a Preliminary Title Report?	4
Preliminary Report Sample	5
Schedule A	6
Exhibit A	7
Schedule B, General & Specific Exceptions	8
Schedule B. Additional Requirements & Notes	12



WHAT IS A PRELIMINARY REPORT?



A Preliminary Title Report is a dated formal report that sets out in detail the conditions under which a policy of title insurance would be issued on a particular parcel of land. Its sole purpose is to facilitate the issuance of the policy.

Within a short time after a title order has been opened, the matters of record relative to the issuance of the title insurance policy on the subject property have been assembled in the title search and examined by skilled technicians. This is the time when the Preliminary Report is prepared and sent to the customer. The report reflects the matters which would be shown as exceptions in a policy of the title insurance so that the parties to the transaction will be aware of any of those matters of record that may need to be cleared prior to the closing of the transaction. This report is issued before the title policy—hence the name Preliminary Title Report.

Those matters shown in the report are as follows:

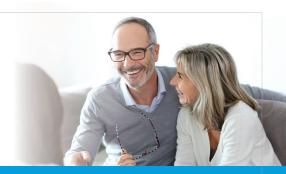
- I. The estate or interest covered.
- 2. The record owner of the estate or interest.
- 3. A legal description of the parcel of land covered.
- 4. Requirements and Notes
- 5. The easements, liens, encumbrances and other matters which affect the title to the land at the date and time of the report.

All references to specific property, dollar amounts, documents, and individual and corporate identification are fictional and for the purpose of educational sample only.

Explanations of Report Items are noted in these shaded boxes.



PRELIMINARY TITLE REPORT SAMPLE



1

This paragraph specifies that no liability is ever intended under a preliminary report, and further indicates what should be requested if the customer desires assumption of liability prior to policy issuance.



PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein Ticor Title Company of Oregon hereby reports that it is prepared to issue, or cause to be issued, as of the specified date, a policy or policies of title insurance describing the land and the estate or interest 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 or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage of said policy or policies are set forth in Exhibit One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than 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. Copies of the policy forms should be read. They are available from the office which issued this report.

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.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a/an Florida corporation.

Please read the exceptions shown or referred to herein and the Exceptions and Exclusions set forth in Exhibit One 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 preliminary report is for the exclusive use of the parties to the contemplated transaction, and the Company does not have any liability to any third parties nor any liability until the full premium is paid and a policy is issued. Until all necessary documents are placed of record, the Company reserves the right to amend or supplement this preliminary report.

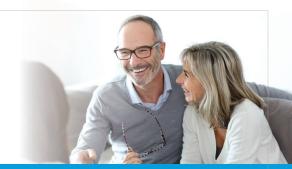
Countersigned

Lebet Buchal

Preliminary Report



PRELIMINARY REPORT SAMPLES



ORDER NO.: 123456789101

1

This identifies the customer's escrow and title officers for identification purposes..

2

The address of the subject property..

3

This date represents the date and time up to which matters affecting the title to the real property therein described have been examined and eported herein. This normally is the same as the "plant date"...

4

This specifies the type of coverage form of policy we are prepared to issue and the general scope of the insurance..

5

A fee (the word "estate" is used to express the degree, quantity, nature, duration, or extent of an interest land). A fee simple is the highest type of estate or interest an owner can have in land, freely transferable and inheritable, and whose owner is entitled to possession. (There are many other estates or interests in land that we could insure).

6

Shows the owner of record and how title is held.



1555 E. McAndrews Road, Ste 100, Medford, OR 97504 (541)779-2811 FAX (541)772-6079

PRELIMINARY REPORT

ESCROW OFFICER: Jane Johnson

Jane.Johnson@ticortitle.com 541-779-2811

TITLE OFFICER: Tammy Martin

TO: Ticor Title Company of Oregon 1555 E. McAndrews Road, Ste 100 Medford, OR 97504

ESCROW LICENSE NO.: 850600240 OWNER/SELLER: Smith Family LLC

BUYER/BORROWER: Mick Johnson and Mary Johnson

PROPERTY ADDRESS: 8701 Old Reed Road, Sunny Glen, OR 97500

3 EFFECTIVE DATE: October 9, 2017, 08:00 AM

1. THE POLICY AND ENDORSEMENTS TO BE ISSUED AND THE RELATED CHARGES ARE:

ALTA Owner's Policy 2006 \$ 500,000.00 \$ 1,350.00
Owner's Standard

ALTA Loan Policy 2006 \$ 400,000.00 \$ 100.00
Standard Lender's

OTIRO 208.1-06 - Environmental Protection Lien (ALTA 8.1-06) \$ 0.00

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

A Fee

5

TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:
 Mick and Mary Johnson Family LLC, an Oregon limited liability company, which acquired title as Mick and
 Mary Johnson Family LLC and Smith Family LLC, an Oregon limited liability company, which acquired title as
 Smith Family LLC, each as their respective interests appear

7 4. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF JACKSON, STATE OF OREGON, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

7

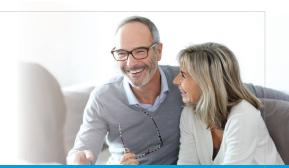
The description of the land covered in the preliminary report.

8

This number identifies the title order for the subject property.



PRELIMINARY REPORT **SAMPLES**



The description of the land covered in the preliminary report.

NOTE: There are four basic forms of legal descriptions; Lot and Block, Partition Plats, Sub-Sections and Metes and Bounds. Each form is unique unto itself and requires varying degrees of expertise to understand.

Order No.: 123456789101

EXHIBIT "A"

Legal Description

PARCEL I:

All that portion of the property hereinafter described lying South of the center of Rogue River, together with that portion thereof lying South of and between the real property owned by Tina E. and Jacob Brown, described in Volume 359 Pages 519 and 520, Jackson county, Oregon Deed Records and the said center of Rogue River. The property of which this is a part of is described follows: The Northeast quarter of Section 16, Township 23 South, Range 1 West of the Willamette Meridian, Jackson County, Oregon.

EXCEPTING THEREFROM THE FOLLOWING all the portion lying within the Southwest quarter of the Northeast quarter lying below the center of Rogue River of Section 16, Township 23 South, Range 4 West of the Willamette Meridian, Jackson County, Oregon.

PARCEL II:

All that portion of the property hereinafter described lying South of the center of Rogue River, together with that portion thereof lying South of and between the real property owned by Tina E. and Jacob Brown, described in Volume 359 Pages 519 and 520, Jackson county, Oregon Deed Records and the said center of Rogue River. The property of which this is a part of is described follows: The Northeast quarter of Section 16, Township 23 South, Range 4 West of the Willamette Meridian, Jackson County, Oregon.

EXCEPTING THEREFROM THE FOLLOWING all the portion lying within the Southeast quarter of the Northeast quarter lying below the center of Rogue River of Section 16, Township 23 South, Range 4 West of the Willamette Meridian, Jackson County, Oregon.

PARCEL III:

Commencing at the intersection of the North and South centerline of the Southwest Quarter of the Northeast Quarter of Section 16, Township 23 South, Range 4 West of the Willamette Meridian, Jackson County, Oregon with the South line of the Crater Lake Highway and running thence South to the center of Rogue River; thence up Rogue River to the North and South centerline of the Northeast Quarter of said Section; thence North to the South line of said Crater Lake Highway; thence Southwesterly along the South line of said Highway to the point of beginning.





1

These are General and Specific requirements that must be met in order for a commitment to be issued. In this example items 1 through 5 are General requirements and items 6 through 28 are requirements that are specific to the transaction.

2

The first item (encumbrance) shown is a statement regarding the amount and status of the current years taxes, (e.g. taxes now a lien, now due, or respective installments paid or unpaid.)

Order No.: 123456789101

AS OF THE DATE OF THIS REPORT, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN THE POLICY FORM WOULD BE AS FOLLOWS:

GENERAL EXCEPTIONS:

- 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.
- 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.
- 3. Easements, or claims of easement, which are not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
- 4. Any encroachment (of existing improvements located on the Land onto adjoining land or of existing improvements located on adjoining land onto the subject Land), encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the subject Land.
- Any lien or right to a lien for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

SPECIFIC ITEMS AND EXCEPTIONS:

2

Unpaid Property Taxes are as follows:

Fiscal Year: 2017-2018 Amount: \$1,141.46, plus interest, if any

Levy Code: 0902 Account No.: 10564520 Map No.: 331W36 2202

Affects: Parcel I

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

7. Unpaid Property Taxes are as follows:

Fiscal Year: 2017-2018

Amount: \$2,573.45, plus interest, if any

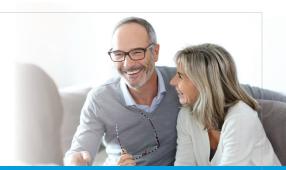
Levy Code: 0902 Account No.: 10217160 Map No.: 331W36AC 01310

Affects: Parcel II

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

Preliminary Report





Order No.: 123456789101

1

(Continued) These are the specific requirements that must be met in order for a commitment to be issued.

2

An easement is a right or interest of another party in the land which entitles the holder thereof to some use, privilege or benefit (e.g., poles for wires, pipelines for sewer or electricity conduit, to use or make roads for travel). Occasionally, the exact location and/or extent of said easement is not disclosed in the public records.

Unpaid Property Taxes are as follows:

Fiscal Year: 2017-2018

Amount: \$0.49, plus interest, if any

Levy Code: 0906 Account No.: 10251073 Map No.: 331W36AC 1220

Affects: Parcel III

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

- The Land has been classified as Small tract forest land and Forest land, as disclosed by the tax roll. If the Land becomes disqualified, said Land may be subject to additional taxes and/or penalties.
- 10. Any adverse claim based upon the assertion that:
 - a) Said Land or any part thereof is now or at any time has been below the highest of the high watermarks of Rogue River, in the event the boundary of said river has been artificially raised or is now or at any time has
 - b) Some portion of said Land has been created by artificial means or has accreted to such portion so created
 - c) Some portion of said Land has been brought within the boundaries thereof by an avulsive movement
 - of Rogue River, or has been formed by accretion to any such portion.
- Rights and easements for navigation and fishery which may exist over that portion of said Land lying beneath the waters of Rogue River.
- 12. Any adverse claim based upon the assertion that said Land or any part thereof is now or at any time has been included within a navigable river, slough, or other navigable body of water.
- 13. Rights of the public to any portion of the Land lying within the area commonly known as

streets, roads and highways.

14. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Prosper Construction Company, an Oregon corporation Right Purpose: Prosper Construction Company, an Oregon corporation Right of way for electrical line and power line of poles and wires

Recording Date: September 6, 1910
Recording No: Volume 90 Page 617
Affects: Exact location not stated

15. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

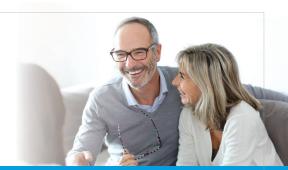
Granted to: Prosper Construction Company, an Oregon corporation Right Purpose: of way for electrical line and power line of poles and wires

Recording Date: September 6, 1910
Recording No: Volume 90 Page 611
Affects: Exact location not stated

Preliminary Report

2





Order No.: 123456789101

1

(Continued) These are the specific requirements that must be met in order for a commitment to be issued.

2

The referenced document contains covenants, conditions and restrictions. A restriction is a limitation upon the use of property and generally establishes type of improvements, their design, set back lines, etc. Restrictions affecting a tract of land containing multiple lots establish uniformity.

16

16. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: The California Oregon Power Company

Purpose: Electric transmission and distribution and telephone purposes and appurtenances

thereto
Recording Date:
Recording No:
Affects:
September 14, 1935
Volume 200 Page 13
Exact location not stated

17. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Adjacent property owners

Purpose: Ingress, egress and road purposes

Recording Date: August 7, 1997 Recording No: 97-2495

Affects: As described therein

18. Restrictive Covenant, including the terms and provisions thereof

Recording Date: October 6, 2000

Recording No.: 00-408

The effect, if any, of that Restrictive Covenant Termination including the terms and provisions thereof

Recording Date: November 5, 2002

Recording No: 02-54000

(Said Termination agreement was not signed by Jackson County, only by the property owners)

19. Restrictive Covenant, including the terms and provisions thereof

Recording Date: October 6, 2000 Recording No.: 00-44800

20. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mick N. Johnson, Mary A. Johnson, John A. Smith and Nancy

Purpose: J. Smith Ingress and egress

Recording Date: November 17, 2000

Recording No: 00 44500

Affects: Exact location not stated

21. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: PacifiCorp, an Oregon corporation

Purpose: Electric power distribution and communication lines and all appurtenances thereto

Recording Date: April 12, 2001 Recording No: 01 14900

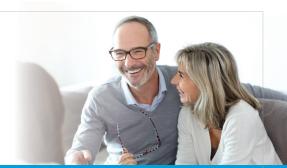
Affects: Exact location not stated

22. Restrictive Covenant No Future Division or Development, including the terms and provisions thereof,

Recording Date: July 9, 2002 Recording No.: 2002-046600

Preliminary Report





Order No.: 123456789101

1

(Continued) These are the specific requirements that must be met in order for a commitment to be issued.

2

Deeds of Trust: A three-party instrument under which an owner of land (trustor) conveys land to a trustee for the benefit of the lender (beneficiary) to secure the borrower's obligation (usually payment of money evidenced by a promissory note) to the lender. The trustee has limited powers (e.g. to reconvey or to foreclose non-judicially) as specifically directed by the beneficiary.

4

23. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mick N. Johnson, Mary A. Johnson, Nancy Smith and John Smith

Purpose: Ingress and egress along existing roadways

Recording Date: October 8, 2002 Recording No: 02 54200

Affects: Exact location not stated

24. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mick Johnson and Mary Johnson Ingress and egress and

Purpose: road purposes Recording Date: May 9, 2017 Recording No: 2017-014400

Affects: Exact location not stated

25. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mick Johnson and Mary Johnson Ingress and

Purpose: egress and road purposes

Recording Date: May 9, 2017 Recording No: 2017-014400

Affects: Exact location not stated

26. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mick Johnson and Mary Johnson

Purpose: Right of way for underground electric power distribution and communication lines and

accessories along existing road
Recording Date: May 9, 2017
Recording No: 2017-014501

Affects: Exact location not stated

27. Easement Agreement including the terms and provisions thereof

Executed by: Mick and Mary Johnson and Smith Family LLC

Purpose: Occupation, construction and maintenance of existing home, as well as the

growth and harvest of timber products
Recording Date: May 9, 2017
Recording No.: 2017-014500
Affects: Exact location not stated

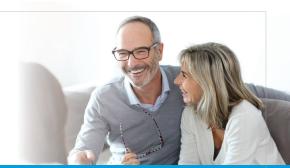
2

 Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further

review prior to closing

Preliminary Report





Order No.: 123456789101

1

(Continued) These are the specific requirements that must be met in order for a commitment to be issued.

1

The Company will require the following documents for review prior to the issuance of any title
insurance predicated upon a conveyance or encumbrance from the entity named below.
Limited Liability Company: Mick and Mary Johnson Family LLC

- a. A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
- b. If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendment thereto with the appropriate filing stamps.
- c. If the Limited Liability Company is member-managed a full and complete current list of members certified by the appropriate manager or member.
- d. A current dated certificate of good standing from the proper governmental authority of the state in which the entity was created
- e. If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

- 30. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below.
 Limited Liability Company: Smith Family LLC
 - a. A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
 - b. If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendment thereto with the appropriate filing stamps.
 - c. If the Limited Liability Company is member-managed a full and complete current list of members certified by the appropriate manager or member.
 - d. A current dated certificate of good standing from the proper governmental authority of the state in which the entity was created
 - e. If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

2

2

ADDITIONAL REQUIREMENTS/NOTES:

- A. In addition to the standard policy exceptions, the exceptions enumerated above shall appear on the final 2006 ALTA Policy unless removed prior to issuance.
- B. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

Preliminary Report

Printed: 10.11.17 @ 03:58 PM OR----SPS-1-17-123456789101



The Notes are informational

notes only and will not show

as Title Exceptions in the

forthcoming title policy.

ADDITIONAL REQUIREMENTS & NOTES



4

The Notes are informational notes only and will not show as Title Exceptions in the forthcoming title policy.

Order No.: 123456789101

C. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

1

D.

Note: Well Ownership Identification Form containing a Well Identification Number and other information. This informational note will not appear in the title insurance policy as this recorded form is not a matter within the scope of policy coverages.

Well Identification No.: L40735
Recording Date: 11/28/2000
Recording No.: 01 48069

- E. Note: No utility search has been made or will be made for water, sewer or storm drainage charges unless the City/Service District claims them as liens (i.e. foreclosable) and reflects them on its lien docket as of the date of closing. Buyers should check with the appropriate city bureau or water service district and obtain a billing cutoff. Such charges must be adjusted outside of escrow.
- F. Note: Effective January 1, 2008, Oregon law (ORS 314.258) mandates withholding of Oregon income taxes from sellers who do not continue to be Oregon residents or qualify for an exemption. Please contact your Escrow Closer for further information.
- G. THE FOLLOWING NOTICE IS REQUIRED BY STATE LAW: YOU WILL BE REVIEWING, APPROVING AND SIGNING IMPORTANT DOCUMENTS AT CLOSING. LEGAL CONSEQUENCES FOLLOW FROM THE SELECTION AND USE OF THESE DOCUMENTS. YOU MAY CONSULT AN ATTORNEY ABOUT THESE DOCUMENTS. YOU SHOULD CONSULT AN ATTORNEY IF YOU HAVE QUESTIONS OR CONCERNS ABOUT THE TRANSACTION OR ABOUT THE DOCUMENTS. IF YOU WISH TO REVIEW TRANSACTION DOCUMENTS THAT YOU HAVE NOT SEEN, PLEASE CONTACT THE ESCROW
- H. Note: Recording charge per document for:

Josephine County - \$51.00 for the first page, \$5.00 for each additional page

Douglas County - \$51.00 for the first page, \$5.00 for each additional page

Jackson County - Deed \$54.00 for the first page, \$5.00 for each additional page. All other documents

\$63.00 for the first page, \$5.00 for each additional page.

E-recording fee is an additional \$5.00 per document

Note: This map/plat is being furnished as an aid in locating the herein described Land in relation to
adjoining streets, natural boundaries and other land. Except to the extent a policy of title insurance is
expressly modified by endorsement, if any, the Company does not insure dimensions, distances or
acreage shown thereon.

Preliminary Report



