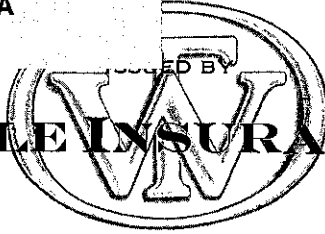


For information
regarding the property described herein
or for future title service see:
DEL NORTE COUNTY TITLE CO.
CRESCENT CITY, CALIFORNIA

Y OF
TITLE INSURANCE

Order No. 15134LD

WESTERN TITLE INSURANCE COMPANY



SUBJECT TO SCHEDULE B AND THE CONDITIONS AND STIPULATIONS HEREOF, WESTERN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures the insured, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by said insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
 2. Any defect in or lien or encumbrance on such title;
 3. Unmarketability of such title; or
 4. Any lack of the ordinary right of an abutting owner for access to at least one physically open street or highway if the land, in fact, abuts upon one or more such streets or highways;
- and in addition, as to an insured lender only:
5. Invalidity of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
 6. Priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority; or
 7. Invalidity of any assignment of the insured mortgage, provided such assignment is shown in Schedule B.

IN WITNESS WHEREOF, WESTERN TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

Countersigned:

RICHARD THORPE
Vice President



INFLATION INDORSEMENT
Attached to Policy No. 527497

Order No. 15134LD

Issued by

No Fee

WESTERN TITLE INSURANCE COMPANY
a corporation

The Company, recognizing the current effect of inflation on real property valuation and intending to provide additional monetary protection to the insured owner, hereby modifies said Policy, as follows:

1. Notwithstanding anything contained in said Policy to the contrary, the amount of insurance provided by said Policy, as stated in Schedule A thereof, is subject to cumulative annual upward adjustments in the manner and to the extent hereinafter specified.
2. "Adjustment Date" is defined, for the purpose of this Indorsement, to be 12:01 a.m. on the first January 1 which occurs more than six months after the Date of Policy, as shown in Schedule A of the Policy to which this Indorsement is attached, and on each succeeding January 1.
3. An upward adjustment will be made on each of the Adjustment Dates, as defined above, by increasing the maximum amount of insurance provided by said Policy (as said amount may have been increased theretofore under the terms of this Indorsement) by the same percentage, if any, by which the United States Department of Commerce Composite Construction Cost Index (base period 1967) for the month of September immediately preceding exceeds such Index for the month of September one year earlier; provided, however, that the maximum amount of insurance in force shall never exceed 150% of the amount of insurance stated in Schedule A of said Policy, less the amount of any claim paid under said Policy which, under the terms of the Conditions and Stipulations, reduces the amount of insurance in force. There shall be no annual adjustment in the amount of insurance for years in which there is no increase in said Construction Cost Index.
4. In the settlement of any claim against the Company under said Policy, the amount of insurance in force shall be deemed to be the amount which is in force as of the date on which the insured claimant first learned of the assertion or possible assertion of such claim, or as of the date of receipt by the Company of the first notice of such claim, whichever shall first occur.

For the purpose of this Indorsement the term "insured owner" is defined as any insured described in paragraph 3. of Schedule A and, subject to any rights or defenses the Company may have had under said Policy and all indorsements, such insured's heirs, distributees, devisees, survivors, personal representatives or next of kin.

Nothing herein contained shall be construed as extending or changing the effective date of said Policy.

This Indorsement is made a part of said Policy and is subject to the schedules, conditions and stipulations therein, except as modified by the provisions hereof.

Dated: July 6, 1984 at 2:25 p.m.

WESTERN TITLE INSURANCE COMPANY

By RICARD THORPE Vice President
WESTERN TITLE INSURANCE COMPANY
INCORPORATED
AUGUST 21, 1972

NOTE: In connection with a future application for title insurance covering said land, reissue credit on premium charges (if applicable at all) will be allowed only upon the original face amount of insurance as stated in Schedule A of said Policy.

SCHEDULE A

Policy Number 527497

Fee \$ 282.00

Order Number 15134LD

Amount \$ 50,720.00

Date of Policy July 6, 1984

at 2:25 o'clock p. m.

1. Name of Insured:

STATE OF CALIFORNIA

2. The estate or interest in the land described in Schedule C and which is covered by this policy is:

A Fee.

3. The estate or interest referred to herein is at Date of Policy vested in:

THE STATE OF CALIFORNIA

SCHEDULE B

This policy does not insure against loss or damage, nor against costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

PART ONE

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 the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. 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.
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.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule C, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
8. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records.
9. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not shown by the public records and not otherwise excluded from coverage but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (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 been a purchaser or encumbrancer for value without knowledge.

SCHEDULE B (Continued)

PART TWO

1. 1984-85 taxes, a lien not yet payable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 498, Statutes of 1983 of the State of California.
3. Effect of the reservations in the dedication on the map of Walton Docks which attempts, among other provisions, to reserve the fee title and certain exclusive rights for utilities in the streets and alleys of the subdivision.

SCHEDULE C

The land referred to in this Policy is described as:

That real property in the County of Del Norte, State of California, described as follows:

ALL of Blocks 28, 29 and 30 of Walton Docks Subdivision according to the map thereof filed in the office of the County Recorder of Del Norte County, California on July 13, 1915 in Book 2 of Maps, page 35.

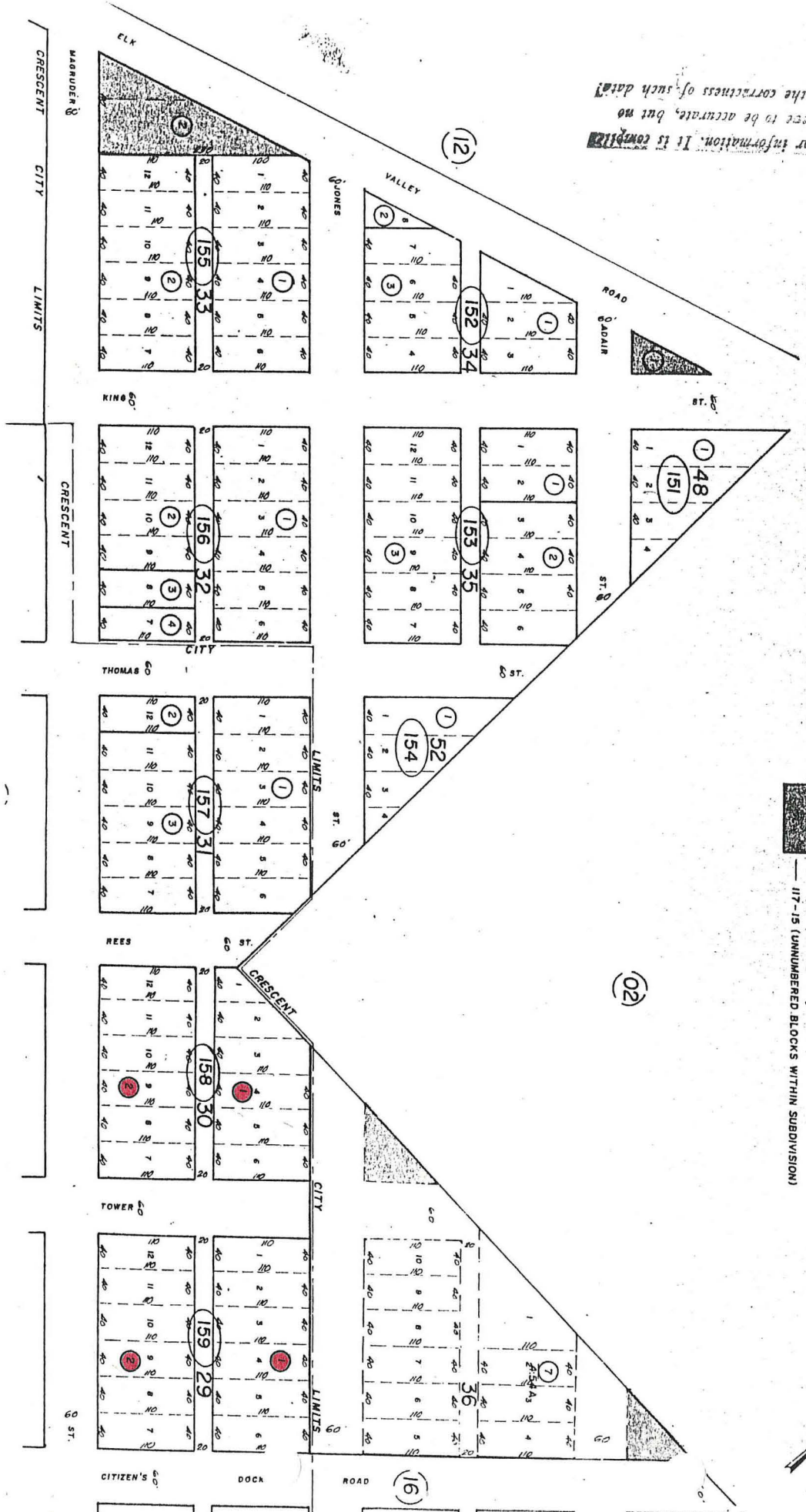
Assessor's Parcel Numbers 117-158-1 and 2
117-159-1 and 2
117-160-26

This plat is furnished for information. It is compiled from data which we believe to be accurate, but no liability is assumed as to the correctness of such data.

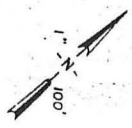
WALTON DOCKS
 BK. 2 PG. 35
 P.O.R. SEC. 28, T. 16N., R. 1W., H.B. & M.

117-15

117-15



117-15 (UNNUMBERED BLOCKS WITHIN SUBDIVISION)



WALTON DOCKS SUBD.
BK.2 PG.35
POR. SEC. 28, T.16N., R.1W., H.M.

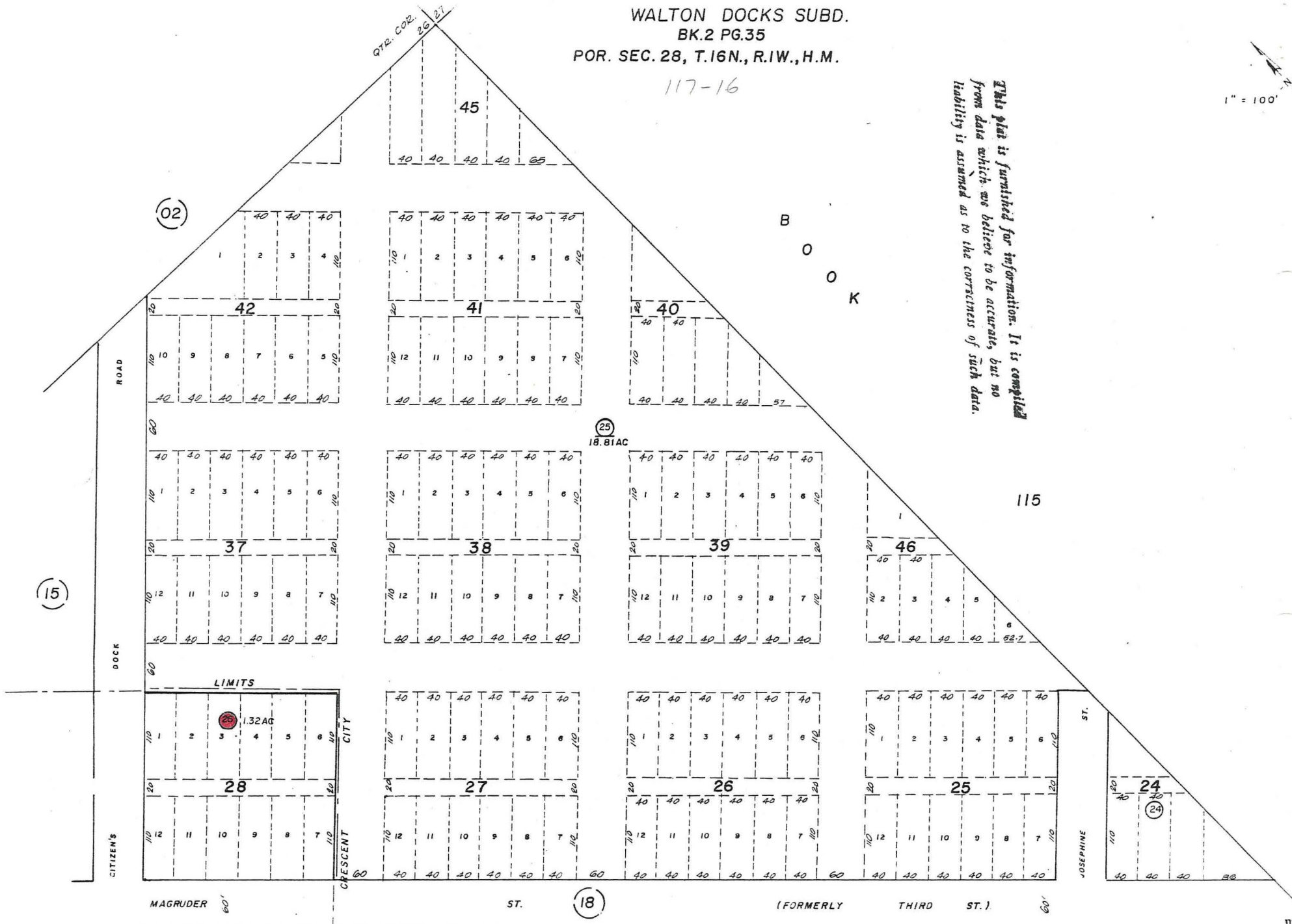
117-16

1" = 100'

This plan is furnished for information. It is compiled from data which we believe to be accurate, but no liability is assumed as to the correctness of such data.

B
O
O
K

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(02)

(15)

(25)

LIMITS

(28)

(18)

(24)