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September 28, 2018  
File Number: 262404AM  
Report No.: 1  
Title Officer: Matt Paslay  
Escrow Officer: Tasha Walery

**PRELIMINARY TITLE REPORT**

**Property Address: 6719 Devon Ave SE, Salem, OR 97306**

<u>Policy or Policies to be issued:</u>	<u>Liability</u>	<u>Premium</u>
ALTA LENDER'S RESIDENTIAL ( X ) EXTENDED ( ) STANDARD	\$100,000.00	\$473.00
Proposed Insured:		
Endorsements: OTIRO - End 209.10-06, 222-06 and 208.1-06		\$100.00
Local Government Lien Search		\$40.00

We are prepared to issue ALTA (06/17/06) title insurance policy(ies) of Old Republic National Title Insurance Company, in the usual form insuring the title to the land described as follows:

**Legal description attached hereto and made a part hereof marked Exhibit "A"**

and dated as of 20th day of September, 2018 at 7:30 a.m., title is [vested in:](#)

**HSF Development LLC, an Oregon Limited Liability Company**

The estate or interest in the land described or referred to in this Preliminary Title Report and covered herein is:

FEE SIMPLE

**Except for the items properly cleared through closing, Schedule B of the proposed policy or policies will not insure against loss or damage which may arise by reason of the following:**

**GENERAL EXCEPTIONS:**

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. 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, 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 subject 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.
5. 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.

EXCEPTIONS 1 THROUGH 5 ABOVE APPLY TO STANDARD COVERAGE POLICIES AND MAY BE MODIFIED OR ELIMINATED ON AN EXTENDED COVERAGE POLICY.

**SPECIAL EXCEPTIONS:**

**Tax Information:**

Taxes assessed under Code No. 92400230 Account No. R93743 Map No. 08S-03W-22C 300

NOTE: The 2017-2018 Taxes: \$5,508.75, are Paid

6. The 2018-2019 Taxes: A lien not yet due or payable.
7. City liens, if any, of the City of Salem.
8. The property lies within and is subject to the levies and assessments of the Marion Soil and Water Conservation District.
9. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.
10. Rights of the public and governmental bodies in and to that portion of said premises now or at any time lying below the high water line of unnamed creek, including any ownership rights which may be claimed by the State of Oregon as to any portion now or at any time lying below the ordinary high water line.

Such rights and easements for navigation and fishing as may exist over that portion of the property now or at any time lying beneath the waters of unnamed creek.

All matters arising from any shifting in the course of unnamed creek including but not limited to accretion, reliction and avulsion.

11. Unrecorded leaseholds, if any, and the rights of vendors and holders of security interest in personal property of tenants to remove said personal property at the expiration of the term.

12. The Company will require a copy the Operating Agreement (including any approvals of withdrawal of member(s) or acceptance of new member(s)) and the Articles of Organization of HSF Development, LLC for its examination prior to closing. Any conveyance or encumbrance of the Limited Liability Company's property must be executed by all of the members unless otherwise provided for in the Operating Agreement.

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

13. Annexation Agreement, including the terms and provisions thereof,  
Recorded: January 4, 2018  
Instrument No.: [Reel: 4032 Page: 399](#)
14. Resolution 2018-24, including the terms and provisions thereof,  
Recorded: June 14, 2018  
Instrument No.: [Reel: 4088 Page: 67](#)
15. Any statutory lien for labor or material, which now has gained, or hereafter may gain priority over the lien of the insured mortgage.

To remove this item, the Company will require an affidavit and indemnity on a form supplied by the Company.

IF THE ABOVE EXCEPTION IS TO BE REMOVED FROM A FORTHCOMING POLICY PRIOR TO THE EXPIRATION OF THE STATUTORY LIEN PERIOD, THE COMPANY MUST BE CONTACTED REGARDING ITS UNDERWRITING REQUIREMENTS FOR EARLY ISSUE.

16. Persons in possession or claiming the right of possession.

To remove this item, the Company will require an affidavit and indemnity on a form supplied by the Company.

#### **INFORMATIONAL NOTES:**

NOTE: As of the date hereof, there are no matters against the party(ies) shown below which would appear as exceptions to coverage in a title insurance product:

Parties:

HSF Development LLC

NOTE: We find no activity in the past 24 months regarding transfer of title to subject property.

NOTE: The following is the last deed of record affecting said land,

Document: Statutory Warranty Deed

Grantor: Susan Ballard and Edward Kirasich, not as tenants in common but with right of survivorship

Grantee: HSF Development, LLC, an Oregon Limited Liability Company

Recorded: October 27, 2017

Instrument No.: Reel; 4009 Page: 121

NOTE: Any map or sketch enclosed as an attachment herewith is furnished for information purposes only to assist in property location with reference to streets and other parcels. No representation is made as to accuracy and the company assumes no liability for any loss occurring by reason of reliance thereon.

NOTE: Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the parties to the transaction must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

THIS PRELIMINARY TITLE REPORT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACTIONAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

This report is preliminary to the issuance of a policy of title insurance and shall become null and void unless a policy is issued and the full premium paid.

**End of Report**

***"Superior Service with Commitment and Respect for Customers and Employees"***

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

Lots 12 and 13, SUNNYSIDE FRUIT FARMS NO. 8, Marion County, Oregon.