

BAINES

TITLE & ESCROW

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USPS: **UPS/FED EX:**
PO Box 626 **105 N 2nd Avenue**
Okanogan, WA 98840 **Okanogan, WA 98840**

Attached Commitment Issued for the sole use
of:

Booker Auction Company

Our Title Number **57932-10-TW**

Escrow Number

Customer Reference Number

See Attached Commitment to Insure

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

Page 1 of 10 Pages

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY



ALTA Plain Language Commitment

INFORMATION

The Title Insurance Commitment is a legal contract between you and the Company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the Policy.

The Company will give you a sample of the Policy form, if you ask.

The Policy contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or you as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org>.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

THIS INFORMATION IS NOT PART OF THE TITLE INSURANCE COMMITMENT. YOU SHOULD READ THE COMMITMENT VERY CAREFULLY.

If you have any questions about the Commitment, contact Tina Williams at (509) 422-3420 or via email at tinawilliams@bainestitle.com.

TABLE OF CONTENTS

INFORMATION – This page
AGREEMENT TO ISSUE POLICY – Page 2
CONDITIONS – Page 3
SCHEDULE A
1. Commitment Date
2. Policies to be Issued, Amounts and Proposed Insureds
3. Interest in the Land and Owner
4. Description of the Land
SCHEDULE B-I – REQUIREMENTS
SCHEDULE B-II – EXCEPTIONS
NOTES



ALTA Plain Language Commitment

AGREEMENT TO ISSUE POLICY

We agree to issue a policy to you according to the terms of the Commitment. When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment Date shown in Schedule A.

If the Requirements shown in this Commitment have not been met with six (6) months after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligation under this Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-I.

The Exceptions in Schedule B-II.

The Conditions on Page 3.

The Commitment is not valid without SCHEDULE A and Sections I and II of SCHEDULE B.

CONDITIONS

1. DEFINITIONS

(a) "Mortgage" means mortgage, deed of trust or other security instrument. (b) "Public Records" means title records that give constructive notice of matters affecting your title according to the state statutes where your land is located.

2. LATER DEFECTS

The Exceptions in Schedule B – Section II may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attach between the Commitment Date and the date on which all of the Requirements (a) and (c) of Schedule B – Section I are met. We shall have no liability to you because of this amendment.

3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

Comply with the Requirements shown in Schedule B – Section I

or

Eliminate with our written consent any Exceptions shown in Schedule B – Section II.

We shall not be liable for more than the Policy Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claim, whether or not based on negligence, which you may have against up concerning the title to the land must be based on this Commitment and is subject to its terms.

Issued through the office of:
Baines Title & Escrow
P.O. Box 626, 105 N. 2nd Avenue
Okanogan, WA 98840-0000

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
A Corporation
400 Second Avenue South, Minneapolis, Minnesota 55401
(612) 371-1111

By

President

Kelly Townsend

President, Baines Title Company Inc.

Attest

Secretary

SCHEDULE A

1. Commitment Date: **October 1, 2010 at 8:00AM**

2. Policy (or Policies) to be issued:

a. Owner's Policy

Amount	\$	Later
Premium	\$	Later
Tax	\$	7.7%

Identify which Owner Policy to be used: 2006 ALTA Standard

Proposed Insured:

To Be Named Later

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 Homeowner's Policy 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 Commitment.

3. **Fee Simple** interest in the land described in this Commitment is owned, at the Commitment Date, by:

Aeneas Lake Irrigation District

4. The estate or interest in the Land that is described by this Commitment is:

Fee Simple

5. The land referred to in the Commitment is described as follows:

SEE ATTACHED EXHIBIT A

This Commitment is not valid without SCHEDULE A and Sections I and II of SCHEDULE B

EXHIBIT A

Government Lot 7 of Section 36, Township 37 North, Range 26 East WM, Okanogan County, Washington,
EXCEPT that portion described as follows:

Beginning at the Southeast corner of Government Lot 7, a rebar and cap and the True Point of Beginning;
Thence Southwest 86 degrees 57'05" along the Southerly boundary line of said Indian Monument No. 33 for 2,157.01 feet
and the Southwest corner of said Government Lot 6, a found original stone replaced by a 1/2 inch rebar with cap;
Thence along the Westerly boundary line of said Government Lot 6, Northwest 04 degrees 45'37" for 370.16 feet;
Thence leaving said boundary line Northeast 86 degrees 57'05" for 2,187.61 feet to the Easterly boundary of Government Lot
7;
Thence along said Easterly boundary line Southeast 00 degrees 01'29" for 370.52 feet to the True Point of Beginning.

EXCEPTING therefrom Okanogan County Road No. 9410 (Pine Creek Road) right of way as described by deed recorded in
Auditor's File No. 604267, Okanogan County Records.

SCHEDULE B – SECTION I

REQUIREMENTS

The following requirements must be met:

- A. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
- B. Pay us the premiums, fees and charges for the policy.
- C. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.
- D. You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
- E. You must submit a copy of the authorization for sale of Irrigation District property, in accordance with RCW 87.03.136.

SCHEDULE B – SECTION II

Title Number:
57932-10-TW

EXCEPTIONS

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. General taxes, not including interest, penalties or statutory foreclosure costs for any delinquent accounts, in the following original amounts: (First half due on or before April 30. Last half due on or before Oct 31 of the current year.)

Parcel Number	Year	Tax Assessed	First Half Amount Due	Second Half Amount Due
3726360017	2010	\$ Exempt	\$ n/a	\$ n/a

NOTE: If tax or irrigation amounts need to be verified for updates or if interest on delinquent taxes needs to be calculated, please contact the Okanogan County Treasurer's Office at 509-422-7180, or at <http://okanoganwa.taxesifter.com>.

2. An easement for the operation, location and maintenance of an existing water pipe line running from well in the Northeast corner of Lot 7; as more fully disclosed by instrument recorded September 11, 1987 under Auditor's File No. 742719.
3. Agreement, by and between Hart and Lovell and the Aeneas Lake Irrigation District, under the terms and conditions therein stated; as more fully disclosed by instrument recorded July 16, 1985 under Auditor's File No. 720773.
4. A 20' wide non-exclusive utility easement; as disclosed on face of survey recorded in Book H of Surveys, Page 9, under Auditor's File No. 747503.
5. Right of way deed in favor of the County of Okanogan, under the terms and conditions therein stated; as more fully disclosed by instrument recorded under Auditor's File No. 604267.
6. This Commitment is not valid for any amount until the amount to be insured is provided to, and approved by the company.
7. Matters that may be disclosed by an examination of the records against the name(s) of the proposed insured.
8. Lien of any real estate excise sales tax due Okanogan County, unless paid. (1.53%)

END OF PART II

NOTES

- a) We have been informed that the address for said premises is: **no physical address disclosed per County records.**
- b) The legal description contained herein was taken from the record and the presumed intention of the parties to the transaction. The description must be examined and approved by the parties prior to closing.
- c) Abbreviated Legal Description, provided for convenience only:

Tax 17 Pt Lot 7 L/RD Allot MA-33 36-37-26
- d) RESPA split disclosure for 2010 HUD – 85% agent/15% underwriter

**AMERICAN LAND TITLE ASSOCIATION
OWNER'S POLICY OF TITLE INSURANCE - 2006
EXCLUSIONS FROM COVERAGE**

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 that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
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 (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in Public Records that vests Title as shown in Schedule A.

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) 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, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that 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. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and 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.