

PLACER TITLE COMPANY

**THE STATE OF CALIFORNIA
1061 THIRD STREET
SOUTH LAKE TAHOE, CA 96150**

December 28, 2010

Enclosed please find the title insurance policy for your property located at

1780 SAWMILL ROAD, SOUTH LAKE TAHOE, CA 96150

Please review this policy in its entirety. In the event that you find any discrepancy, or if you have any questions regarding your final title policy, you may contact Dick Marinics

Phone: 530-626-3994 Fax: 530-626-7346

Please refer to our Order No. 203-7840.

Should you decide to sell the property described in this policy, or if you are required to purchase a new title policy for mortgage purposes, you may be entitled to a discount on future title insurance premiums. We will retain a copy of this policy so we will be able to provide future products and services to you quickly and efficiently.

Thank you for giving us the opportunity to serve you.

Sincerely,

PLACER TITLE COMPANY

El Dorado County Title Plant, 175 Placerville Dr., Placerville, CA 95667 - (530) 626-3994 Fax (530) 626-7346

OWNER'S POLICY OF TITLE INSURANCE ISSUED BY



Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, WESTCOR LAND TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) 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. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protection,
if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

COVERED RISKS continued on next page

Issuing Agent:

Placer Title Company
El Dorado County Title Plant
175 Placerville Dr.
Placerville, Ca 95667
Phone: 530-626-3994
Agent ID: CA1000

WESTCOR LAND TITLE INSURANCE COMPANY



Mary O'Donnell
President

John Tyler
Authorized Counter Signature

Patricia W. Bower
Secretary

COVERED RISKS (Continued)

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

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 the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

CONDITIONS (Continued)

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

CONDITIONS (Continued)

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. 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 the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to WESTCOR LAND TITLE INSURANCE COMPANY, Attn: Claims, 201 N. New York Ave., Ste. 200, Winter Park, Florida 32789.

SCHEDULE A

Order No.: 203-7840

Policy No.: OP-6-CA1000-004984

Date of Policy: December 27, 2010 at 2:48 P.M.

Amount of Insurance: \$445,000.00

Premium: \$0.00

Address Reference: 1780 SAWMILL ROAD, SOUTH LAKE TAHOE, CA 96150

Name and Address of Insurer:
Westcor Land Title Insurance Company
201 N. New York Ave., Ste. 200
Winter Park, Florida 32789

1. Name of Insured:

THE STATE OF CALIFORNIA

2. The estate or interest in the land which is covered by this Policy is:

A FEE SIMPLE

3. Title to the estate or interest in the land is vested in:

THE STATE OF CALIFORNIA ACTING BY AND THROUGH THE CALIFORNIA TAHOE CONSERVANCY

4. The land referred to in this policy is described as follows:

SEE EXHIBIT "A" ATTACHED FOR LEGAL DESCRIPTION

PLACER TITLE COMPANY
Policy Issuing Agent for Westcor Land Title Insurance Company

Order No. 203-7840
Policy No. OP-6-CA1000-004984

EXHIBIT "A" LEGAL DESCRIPTION

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF EL DORADO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 12 NORTH, RANGE 18 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL HEREIN DESCRIBED, A 3/4 INCH CAPPED IRON PIPE ON THE SOUTHERLY SIDE OF A COUNTY ROAD, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 20 BEARS NORTH 35 DEG 55' 40" EAST 1970.43 FEET; THENCE FROM SAID POINT OF BEGINNING, ALONG SOUTH SIDE OF SAID ROAD, NORTH 84 DEG 05' 30" EAST 11.20 FEET TO A FENCE POST; AND NORTH 74 DEG 30' EAST 387.77 FEET TO A 6"X 6" CONCRETE RIGHT OF WAY MONUMENT; THENCE CONTINUING ALONG SOUTH SIDE OF SAID ROAD, NORTH 85 DEG 33' EAST 275.90 FEET TO A SIMILAR MONUMENT ON THE WEST SIDE OF U.S. HIGHWAY 50; THENCE ALONG SAID WEST SIDE OF HIGHWAY, SOUTH 06 DEG 36' WEST 97.00 FEET TO A 3/4 INCH CAPPED IRON PIPE ON THE NORTHWESTERLY SIDE OF THE UPPER TRUCKEE RIVER; THENCE CONTINUING SOUTH 06 DEG 36' WEST 43.00 FEET TO THE CENTERLINE THEREOF; THENCE ALONG SAID CENTERLINE, SOUTH 30 DEG 02' 30" WEST 183.36 FEET; THENCE NORTH 85 DEG 41' 30" WEST 225.76 FEET; AND SOUTH 76 DEG 47' WEST 227.18 FEET; THENCE LEAVING SAID CENTERLINE NORTH 27 DEG 06' WEST 232.05 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION THEREOF DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL HEREIN DESCRIBED, A 3/4 INCH CAPPED IRON PIPE ON THE SOUTHERLY SIDE OF A COUNTY ROAD, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 20 BEARS NORTH 35 DEG 55' 40" EAST 1970.43 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG SOUTH SIDE OF SAID ROAD, NORTH 84 DEG 05' 30" EAST 11.20 FEET TO A FENCE POST; AND NORTH 74 DEG 30' EAST 387.77 FEET TO A 6" X 6" CONCRETE RIGHT OF WAY MONUMENT; THENCE CONTINUING ALONG SOUTH SIDE OF SAID ROAD NORTH 85 DEG 33' EAST 21.56 FEET; THENCE LEAVING SAID SOUTH SIDE OF ROAD, SOUTH 06 DEG 36' WEST 266.55 FEET TO THE CENTERLINE OF THE UPPER TRUCKEE RIVER; THENCE ALONG SAID CENTERLINE NORTH 85 DEG 41' 30" WEST 48.95 FEET; AND SOUTH 76 DEG 47' WEST 227.18 FEET; THENCE LEAVING SAID CENTERLINE NORTH 27 DEG 06' WEST 232.05 FEET TO THE POINT OF BEGINNING.

A.P.N. 033-180-06-100

**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

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:

STANDARD EXCEPTIONS:

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 IN 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 THAT 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, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B), OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

SPECIAL EXCEPTIONS:

6. RIGHTS OF THE PUBLIC AND OF THE COUNTY OF EL DORADO, AS TO THAT PORTION OF THE HEREIN DESCRIBED PROPERTY LYING WITHIN SAWMILL ROAD.
7. RIGHTS OF THE PUBLIC, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, OR OF THE UNITED STATES OF AMERICA IN OR TO ANY PORTION OF THE LAND LYING BELOW THE HIGH WATER LINE OF THE UPPER TRUCKEE RIVER AS IT EXISTS NOW OR AS IT HAS EXISTED IN THE STATE OF NATURE.
8. RIGHTS AND EASEMENTS, INCLUDING BUT NOT LIMITED TO, RECREATION, NAVIGATION AND FISHERIES, WHICH MAY EXIST OVER THAT PORTION OF SAID LAND LYING BENEATH THE WATERS OF UPPER TRUCKEE RIVER.
9. AN EASEMENT OVER SAID LAND FOR POLE LINES AND INCIDENTAL PURPOSES, AS GRANTED TO USA, IN DEED RECORDED AUGUST 02, 1913, AS BOOK 81 AT PAGE 8, OFFICIAL RECORDS.

**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

SPECIAL EXCEPTIONS (continued)

AFFECTS THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

- 10. AN EASEMENT OVER SAID LAND FOR INSTALLATION, OPERATION AND MAINTENANCE OF COMMUNICATION TRANSMISSION FACILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO PACIFIC TELEPHONE AND TELEGRAPH COMPANY, IN DEED RECORDED OCTOBER 19, 1928, AS BOOK 110 AT PAGE 172, OFFICIAL RECORDS.**

AFFECTS THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

- 11. AN EASEMENT OVER SAID LAND FOR INSTALLATION, OPERATION AND MAINTENANCE OF COMMUNICATION AND ELECTRICAL TRANSMISSION FACILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO PACIFIC TELEPHONE AND TELEGRAPH COMPANY AND SIERRA PACIFIC POWER COMPANY, IN DEED RECORDED DECEMBER 04, 1952, AS BOOK 317 AT PAGE 209, OFFICIAL RECORDS.**

AFFECTS THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

PIC

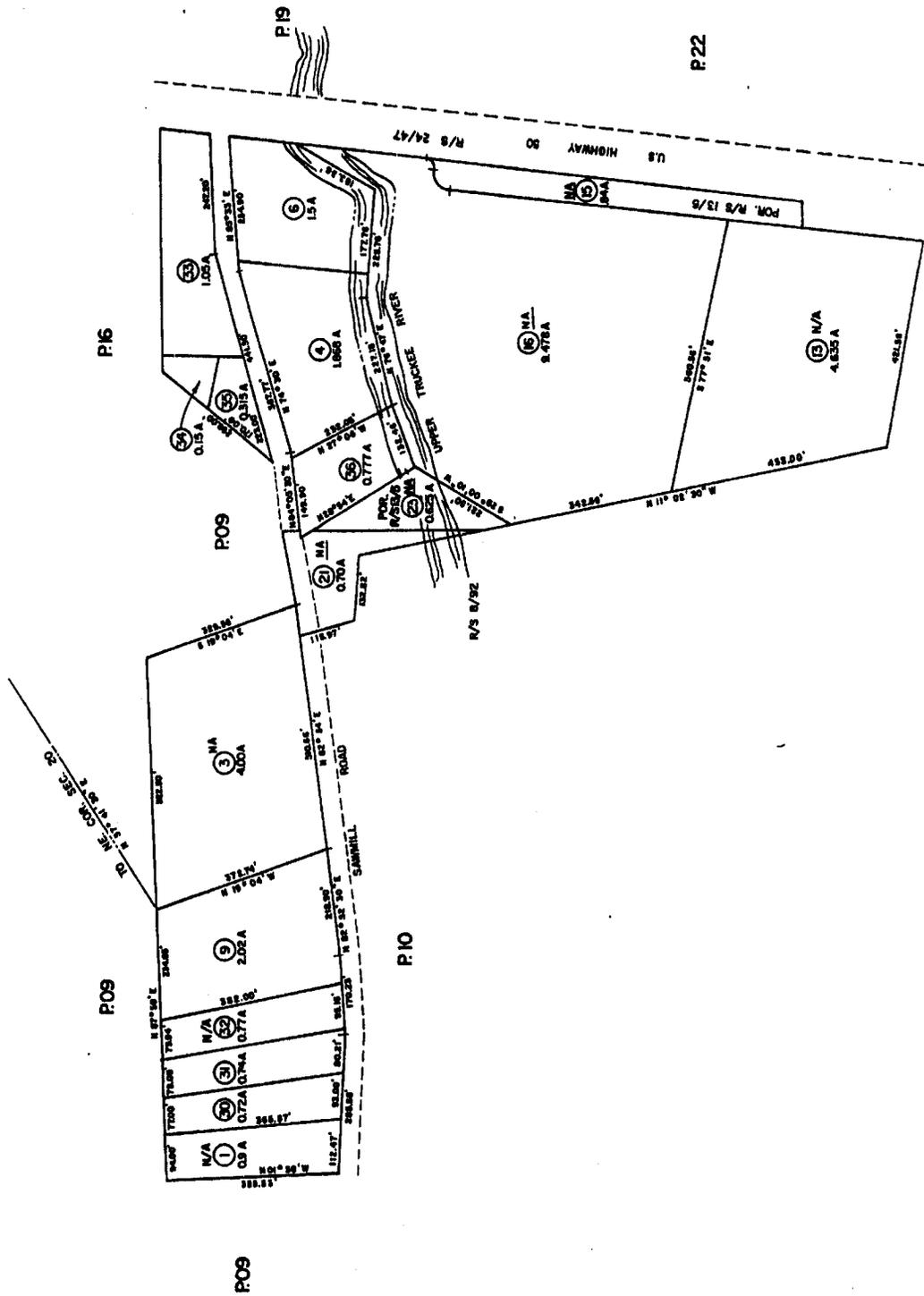
PLACER TITLE COMPANY

This is not a plat or survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

FOR SEC. 20, T.12N, R.18E., M.D.M.

Tax Area Code

33:18



NOTE - Assessor's Block Numbers Shown in Ellipse
Assessor's Parcel Numbers Shown in Circles

P 10

Assessor's Map Bk. 33 - Pg. 18
County of El Dorado, California

JUN 09 2008

RECORDING REQUESTED BY:
Placer Title Company
1959 Lake Tahoe Blvd.
South Lake Tahoe, CA 96150

When Recorded Mail Document To:
State of California
California Tahoe Conservancy
1061 Third Street
South Lake Tahoe, CA 96150

(Entitled to free recordation – Government Code Section 27383)

APN: El Dorado County APN 033-180-06
Escrow # - 203-7736 & 7770



El Dorado, County Recorder
William Schultz Co Recorder Office
DOC- 2010-0063244-00

Acct 6-PLACER TITLE CO
Monday, DEC 27, 2010 14:48:14
Ttl Pd \$0.00 Nbr-0001314705
JLB/C1/1-5

SPACE ABOVE THIS LINE FOR RECORDER'S USE
Agency: CALIFORNIA TAHOE CONSERVANCY
Project: Exchange of Environmentally Sensitive Lands—Upper Truckee River

GRANT DEED

PCOS FILED

The undersigned grantor(s) declare(s)
Documentary transfer tax is \$ 00.00

RAT 11922

- [] computed on full value of property conveyed, or
- [] computed on full value less value of liens or encumbrances remaining at time of sale,
- [] Unincorporated Area
- [] City of South Lake Tahoe,

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

KAREN STONE McCOWN, TRUSTEE of THE KAREN STONE McCOWN TRUST AGREEMENT, dated May 11, 1990, amended and restated August 13, 2003.

hereby **GRANT(S)** to: The STATE OF CALIFORNIA, acting by and through the California Tahoe Conservancy

the following described real property in the unincorporated area of the County of El Dorado, State of California:

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

Dated: November 1, 2010

By: *Karen Stone McCown Trustee*
KAREN STONE McCOWN, TRUSTEE

MAIL TAX STATEMENTS AS DIRECTED ABOVE

FD-213 (Rev 7/96)
(grant)(06-06)

GRANT DEED

063244

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Mateo

On Nov. 16, 2010 before me, Pamela K Swain, Notary Public

personally appeared Karen Stone McLean

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Pamela K Swain
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

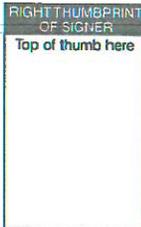
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

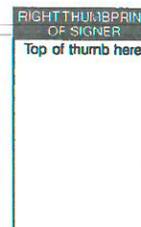
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

063244

(Page 3 of 4)

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY that the interest in real property conveyed by the deed or grant, dated November 1, 2010 from **KAREN STONE MCCOWN, TRUSTEE of THE KAREN STONE MCCOWN TRUST AGREEMENT** dated May 11, 1990, amended and restated August 13, 2003, to the STATE OF CALIFORNIA, is hereby accepted by the undersigned officer on behalf of the State of California, pursuant to authority conferred by authorization of the California Tahoe Conservancy, adopted on July 15, 2010, and the grantee consents to the recordation thereof by its duly authorized officer.

I hereby certify that all conditions for exemption have been complied with, and this deed is exempt from the Department of General Services' approval.

STATE OF CALIFORNIA
Resources Agency
California Tahoe Conservancy

By *Patrick Wright*
Patrick Wright, Executive Director

Date 11-17-10

ACKNOWLEDGEMENT

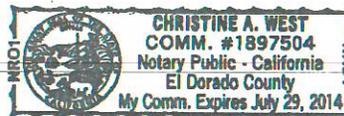
STATE OF CALIFORNIA
COUNTY OF EL DORADO

On November 17 2010, before me, Christine A. West, Notary Public, personally appeared Patrick Wright, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: *Christine A. West*



MAIL TAX STATEMENTS AS DIRECTED ABOVE

FD-213 (Rev 7/96)
(grant)

GRANT DEED

063244

(Page 4 of 4)

EXHIBIT "A"
"The River Parcel"

All that portion of the Southeast quarter of the Northeast quarter of Section 20, Township 12 North, Range 18 East M.D.B.&M. described as follows:

BEGINNING at the Northwest corner of the parcel herein described, a 3/4" capped iron pipe on the Southerly side of a county road, from which the Northeast corner of said Section 20 bears North 35⁰ 55' 40" East 1970.43 feet; thence from said point of beginning, along the South side of said road North 84⁰ 05' 30" East, 11.20 feet to a fence post; and North 74⁰ 30' East, 387.77 feet to a 6"x6" concrete right of way monument; thence continuing along the South side of said road, North 85⁰ 33' East, 275.90 feet to a similar monument on the West side of U.S. Highway 50; thence along said West side of highway, South 06⁰ 36' West, 97.00 feet to a 3/4" capped iron pipe on the Northwesterly side of the Upper Truckee River; thence continuing South 06⁰ 36' West, 43.00 feet to the centerline thereof; thence along said centerline, South 30⁰ 02'30" West, 183.36 feet; thence North 85⁰ 41' 30" West, 225.76 feet; and South 76⁰ 47' West 227.18 feet; thence leaving said centerline, North 27⁰ 06' West, 232.05 feet to the point of beginning.

EXCEPTING THEREFROM ALL THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING at the Northwest corner of the parcel herein described, a 3/4" capped iron pipe on the Southerly side of a County Road, from which the Northeast corner of said Section 20 bears North 35⁰ 55' 40" East, 1970.43 feet; thence from said point of beginning along South side of said road, North 84⁰ 05' 30" East, 11.20 feet to a fence post; and North 74⁰ 30' East, 387.77 feet to a 6" x 6" concrete right of way monument; thence continuing along South side of said road, North 85⁰ 33' East, 21.56 feet; thence leaving said South side of road, South 06⁰ 36' West, 266.55 feet to the centerline of the Upper Truckee River; thence along said centerline, North 85⁰ 41' 30" West, 48.95 feet; and South 76⁰ 47' West, 227.18 feet; thence leaving said centerline, North 27⁰ 06' West, 232.05 feet to the point of beginning.

(El Dorado APN 033-180-06)

063244

Order No. 203-7840

EXHIBIT "A"
LEGAL DESCRIPTION

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF EL DORADO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 12 NORTH, RANGE 18 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL HEREIN DESCRIBED, A 3/4 INCH CAPPED IRON PIPE ON THE SOUTHERLY SIDE OF A COUNTY ROAD, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 20 BEARS NORTH 35 DEG 55' 40" EAST 1970.43 FEET; THENCE FROM SAID POINT OF BEGINNING, ALONG SOUTH SIDE OF SAID ROAD, NORTH 84 DEG 05' 30" EAST 11.20 FEET TO A FENCE POST; AND NORTH 74 DEG 30' EAST 387.77 FEET TO A 6" X 6" CONCRETE RIGHT OF WAY MONUMENT; THENCE CONTINUING ALONG SOUTH SIDE OF SAID ROAD, NORTH 85 DEG 33' EAST 275.90 FEET TO A SIMILAR MONUMENT ON THE WEST SIDE OF U.S. HIGHWAY 50; THENCE ALONG SAID WEST SIDE OF HIGHWAY, SOUTH 06 DEG 36' WEST 97.00 FEET TO A 3/4 INCH CAPPED IRON PIPE ON THE NORTHWESTERLY SIDE OF THE UPPER TRUCKEE RIVER; THENCE CONTINUING SOUTH 06 DEG 36' WEST 43.00 FEET TO THE CENTERLINE THEREOF; THENCE ALONG SAID CENTERLINE, SOUTH 30 DEG 02' 30" WEST 183.36 FEET; THENCE NORTH 85 DEG 41' 30" WEST 225.76 FEET; AND SOUTH 76 DEG 47' WEST 227.18 FEET; THENCE LEAVING SAID CENTERLINE NORTH 27 DEG 06' WEST 232.05 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL HEREIN DESCRIBED, A 3/4 INCH CAPPED IRON PIPE ON THE SOUTHERLY SIDE OF A COUNTY ROAD, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 20 BEARS NORTH 35 DEG 55' 40" EAST 1970.43 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG SOUTH SIDE OF SAID ROAD, NORTH 84 DEG 05' 30" EAST 11.20 FEET TO A FENCE POST; AND NORTH 74 DEG 30' EAST 387.77 FEET TO A 6" X 6" CONCRETE RIGHT OF WAY MONUMENT; THENCE CONTINUING ALONG SOUTH SIDE OF SAID ROAD NORTH 85 DEG 33' EAST 21.56 FEET; THENCE LEAVING SAID SOUTH SIDE OF ROAD, SOUTH 06 DEG 36' WEST 266.55 FEET TO THE CENTERLINE OF THE UPPER TRUCKEE RIVER; THENCE ALONG SAID CENTERLINE NORTH 85 DEG 41' 30" WEST 48.95 FEET; AND SOUTH 76 DEG 47' WEST 227.18 FEET; THENCE LEAVING SAID CENTERLINE NORTH 27 DEG 06' WEST 232.05 FEET TO THE POINT OF BEGINNING.

A.P.N. 033-180-06-100

12/27/2010, 20100063244

PAGE LEGAL

CLTA Preliminary Report

