



Redwood Empire Title Company of Mendocino County

405 S. Orchard Avenue, P. O. Box 238
Ukiah, CA 95482
Phone: (707)462-8666 • Fax: (707)462-5010

Our No.: 20162174DN
Your No.:
Seller: Mendocino Farming Company, LLC
Buyer:

When replying Please Contact:
ESCROW OFFICER: Debbie Niesen
dniesen@redwoodtitle.com

UPDATED PRELIMINARY REPORT

Property Address: 156 Lovers Lane, Ukiah, CA 95482

In response to the above referenced application for a policy of title insurance, Redwood Empire Title Company of Mendocino County hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein 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 below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

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. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A 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 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. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of November 18, 2016 at 07:30 AM.

John Baron
Chief Title Officer
jbaron@redwoodtitle.com

The form of policy of title insurance contemplated by this report is:

CLTA Standard 1990 Owners Policy
Underwritten by Old Republic National Title Insurance Company

SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this Report is:

a Fee

2. Title to said estate or interest at the date hereof is vested in:

Mendo Farming Company, LLC, a California limited liability company

3. The land referred to in this report is situated in the State of California, County of Mendocino and is described as follows:

Parcel One:

All that real property situated in the Johnson Tract Subdivision as shown on a map filed in Map Case 1, Drawer 3, Page 87, Mendocino County Records, Mendocino County, State of California, more particularly described as follows:

All that portion of Lot 1 and Lot 2 of the said Johnson Tract Subdivision more particularly described as follows: Commencing at the intersection of the South line of Orr's Springs Road and the centerline of Roeder Boulevard; thence South 61.62 feet, more or less to the Southerly line of the parcel of land described as Tract Three, Parcel One in the deed recorded in Book 1589, Page 177, Mendocino County Records, being the point of beginning; thence South 735.04 feet, more or less, to an iron pipe as shown on the said Johnson Tract Subdivision map; thence East along the South line of Lot 2 a distance of 620.70 feet to the Southeast corner thereof; thence continuing East, 146.48 feet, more or less, to the Westerly right of way line of the California Freeway 101; thence North 04° 31' East (Record North 05° 17' East) along the said Westerly right of way line 455.04 feet, more or less, to the Southerly line of the parcel of land described in the deed from the State of California to Masonite Corporation, a Delaware corporation, as recorded in Book 624, Page 51, Mendocino County Records; thence leaving the said Westerly line and along the last mentioned Southerly line North 74° 41' 58" West, 253.64 feet (Record North 73° 55' West, 253.01 feet), thence North 63° 44' 38 West, 360.56 feet (Record North 62° 58' 58" West, 360.52 feet) to the Southerly line of the parcel of land described as Tract Three, Parcel One in the deed recorded in Book 1589, Page 177, Mendocino County Records; thence North 76° 50' West along the last mentioned Southerly line 241.35 feet, more or less, to the point of beginning.

APN: 170-030-06

Parcel Two:

All that real property situated in the Johnson Tract Subdivision, as shown on a map filed in Map Case 1, Drawer 3, Page 87, Mendocino County Records, Mendocino County, State of California, more particularly described as follows:

Beginning at an iron pin set to mark the intersection of Roeder Boulevard and Lambert Avenue in the said Johnson Tract Subdivision; thence East, 620.70 feet to the Northeast corner of Lot 3; thence continuing East, 146.48 feet, more or less, to the Westerly right of way line of California Freeway 101; thence South 04° 31' West (Record South 05° 17' West) along the said Westerly line 199.63 feet; thence South 08° 40' 26" East (Record South 07° 54' 26" East) 440.62 feet to the South line of Lot 1 of the said Johnson Tract Subdivision; thence leaving the said Westerly line South 79° 05' West along the South line of Lot 1 a distance of 200.84 feet, more or less, to the Southeast corner of Lot 3; thence continuing South 79° 05' West along the South line of Lot 3 a distance of 632.14 feet to the center of Roeder Boulevard; thence North 792.34 feet, more or less, to the point of beginning.

APN: 170-040-05

SCHEDULE B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2016 - 2017, a lien not yet due or ascertainable.
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq. of the Revenue and Taxation Code of the State of California.
3. An easement for the purposes stated herein and incidental purposes as provided in the document:
Recorded: August 15, 1892 in Book 57 of Deeds, Page 312
For: water main
4. An easement for the purposes stated herein and incidental purposes as provided in the document:
Recorded: November 28, 1933 in Book 85, Page 99 of Official Records
For: poles, wires and appurtenances
In Favor of: Pacific Gas and Electric Company, a California corporation
5. An easement for the purposes stated herein and incidental purposes as provided in the document:
Recorded: July 31, 1974 in Book 971, Page 261 of Official Records
For: underground water pipe
In Favor of: Millview County water District
6. An easement for the purposes stated herein and incidental purposes as provided in the document:
Recorded: August 22, 1988 in Book 1703, Page 492 of Official Records
For: ingress, egress and public utilities
7. Any facts, rights, interests or claims that may exist or arise by reason of matters, if any, disclosed by that certain Record of Survey filed March 22, 1990 in Map Case 2, Drawer 50, Pages 44 and 45.
8. Terms and provisions as contained in an instrument,
Entitled : School-Facilities-Impact Mitigation Agreement
Recorded: September 14, 1994 in Book 2202, Page 227 of Official Records
9. Terms, provisions, covenants, restrictions and conditions contained in a document executed pursuant to the California Land Conservation Act of 1965 (Williamson Act) and recorded December 16, 1998 as 1998-23688 of Official Records.
 - a. A Notice of Non-Renewal Agricultural Preserve Contract recorded August 1, 2006 as 2006-15228 of Official Records
10. Matters as contained or referred to in an instrument,
Entitled : Grant of Easement
Recorded: July 19, 2001 as 2001-13647 of Official Records
11. Easements for ingress, egress and parking as awarded to Lisa Ray Kelly, Trustee of the Ray Kelly Revocable Living Trust as contained in that certain Stipulation Establishing Easements and Order thereon, a certified copy of which was recorded October 23, 2008 as instrument no. 2008-14965, Mendocino County Records and upon the terms and conditions set forth therein.

12. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,
Amount : \$2,400,000.00
Trustor/Borrower : Mendo Farming Company, LLC
Trustee: American AgCredit, FLCA
Beneficiary/Lender: American AgCredit, FLCA, a corporation
Dated: April 10, 2012
Recorded: April 13, 2012 as 2012-05705, Official Records

Also affects other property

- a. Notice of Advance Under Deed of Trust recorded June 7, 2016 as 2016-07075 of Official Records.
- b. Notice of Advance Under Deed of Trust recorded October 4, 2016 as 2016-13212 of Official Records.

13. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,
Amount : \$250,000.00
Trustor/Borrower : Mendo Farming Company, LLC
Trustee: American AgCredit, PCA
Beneficiary/Lender: American AgCredit, PCA, a corporation
Dated: July 20, 2015
Recorded: September 9, 2015 as 2015-12380, Official Records

Also affects other property

- a. A document recorded June 7, 2016 as 2016-07076 of Official Records, provides that said Deed of Trust was subordinated to the Notice of Advance Under Deed of Trust, recorded June 7, 2016 as 2016-07075 of Official Records.

14. Prior to the issuance of any policy of title insurance, the Company will require the following with respect to Mendo Farming Company, LLC, a California Limited Liability Company:
- a. A copy of any management or operating agreements and any amendments thereto, together with a current list of all members of said LLC.
 - b. A certified copy of its Articles of Organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10).
 - c. Recording a certified copy of said LLC-1 and any "amendments thereto".

END OF SCHEDULE B

INFORMATIONAL NOTES:

- 1. Taxes and assessments, general and special, for the fiscal year 2015 - 2016, as follows
Assessor's Parcel No.: 170-030-06
Code No.: 154-037
1st Installment: \$1,561.04, Paid
2nd Installment: \$1,561.04, Paid
- 2. Taxes and assessments, general and special, for the fiscal year 2015 - 2016, as follows
Assessor's Parcel No.: 170-040-05
Code No.: 154-037
1st Installment: \$1,806.16, Paid
2nd Installment: \$1,806.16, Paid

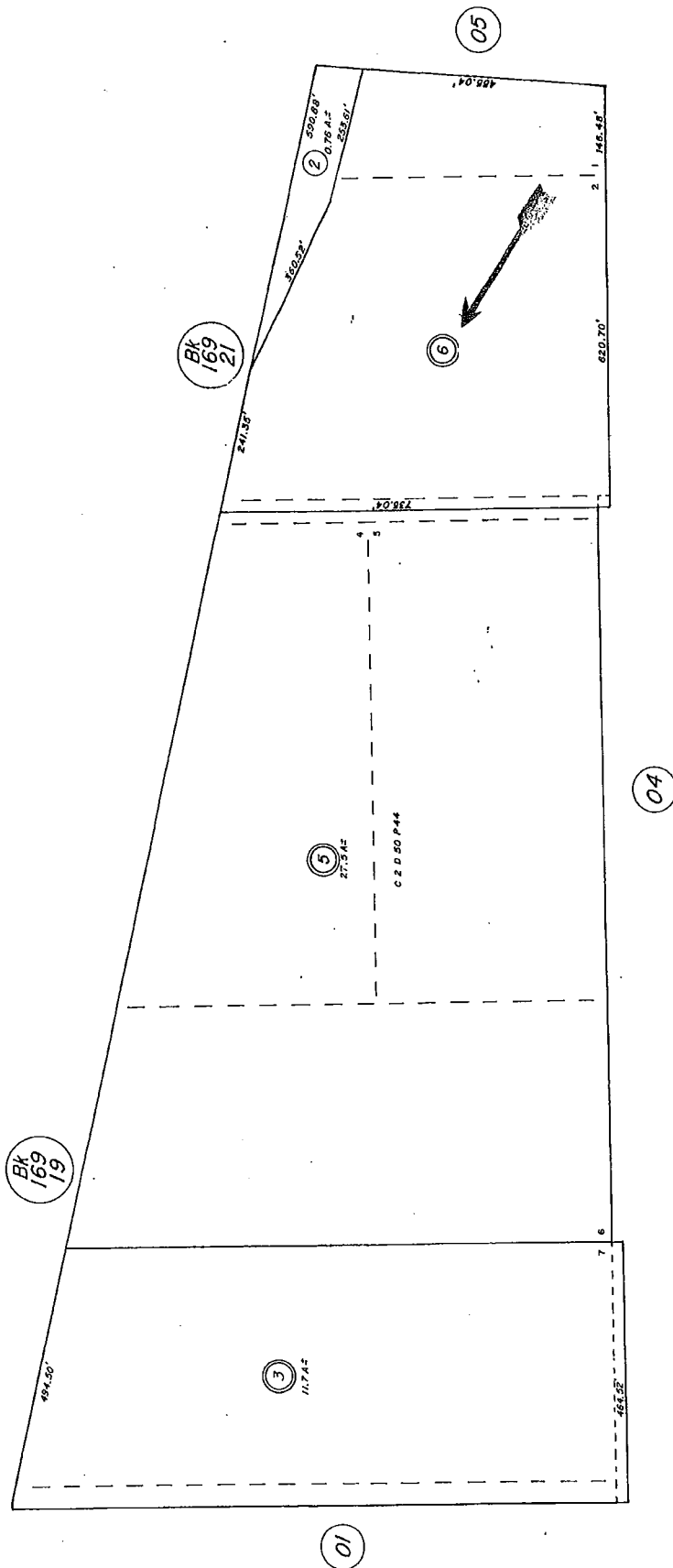
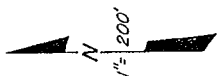
3. NOTE: According to the public records, there have been no deeds conveying the property described in this report recorded within a period of 24 months prior to the date hereof except as follows: NONE

"Notice: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon."

170-03

154-037

Por. of Lot 142 of Yokayo Rancho
Lots 2, 4, 5, 6, 7 & por. of Lot 1 Johnson Tract



MAR 22 1999

Assessor's Map
County of Mendocino, Calif.

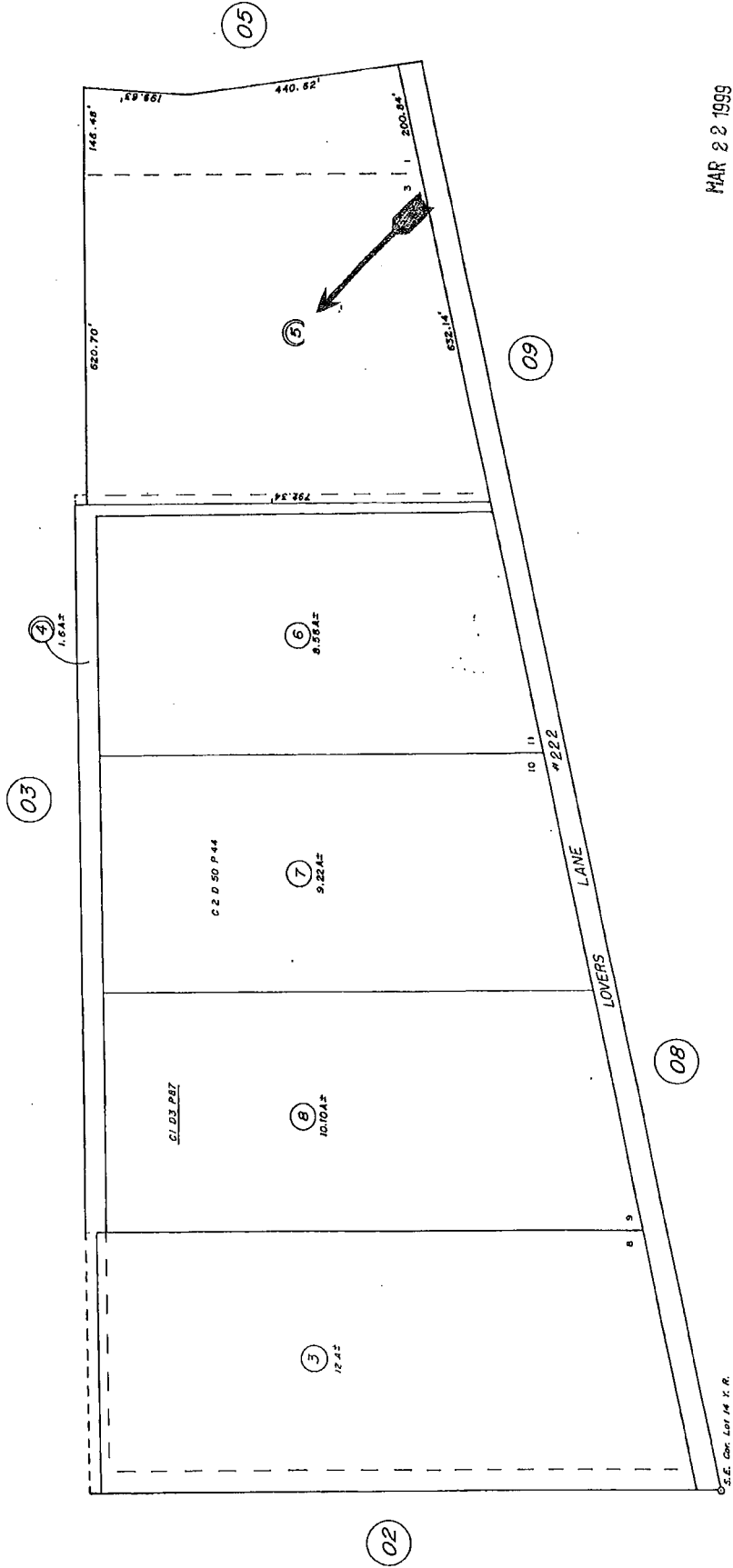
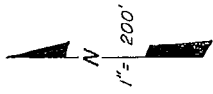
NOTE: This map was prepared for assessment purposes only. No liability is assumed for the data submitted.

"Notice: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon."

170-04

Por. of Lot 142 of Yokayo Rancho
Lots 3, 8, 9, 10, 11 & por. of Lot 1 Johnson Tract

154-037



MAR 22 1999
Assessor's Map
County of Mendocino, Calif.
March, 1969

NOTE: This map was prepared for assessment purposes only. No liability is assumed for the data delineated hereon.

CLTA PRELIMINARY REPORT FORM (EXHIBIT A) (01-01-08)

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY - 1990

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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but 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; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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

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 which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, 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, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA LOAN POLICY (06-17-06)

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.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

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:

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.

Privacy Statement
July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by us, our affiliates, or others;
- From our Internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement providers. We may also disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested.
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We may also disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors or Request Changes or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Redwood Empire Title Company
P.O. Box 238
Ukiah, CA 95482

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.