

TITLE SERVICE and ESCROW COMPANY

P.O. BOX 833 • 215 W. BRIDGE STREET STE. 1 • YERINGTON, NV 89447
PHONE: (775) 463-3518 • (775) 882-7341 • FAX: (775) 463-5144

PRELIMINARY TITLE REPORT

January 6, 2015

Your No. :

Our Order No.: TSL-37673-SL

Property Type: Non-Residential

APN: 14-501-01 & 14-501-03

Physical Address: 733 E Bridge Street, Yerington, NV 89447 (01) &
111 MacKenzie Lane, Yerington, NV 89447 (03)

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

In response to the above referenced application for a policy of title insurance, this Company 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 of said Policy or Policies are available from the office which issued this report.

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.


Joy Manford, Title Agent

Dated as of December 31, 2014 at 7:30 a.m.

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

FRADE RANCHES, INC., a Nevada Corporation

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

Fee Simple

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

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.

Exceptions 1-5 will be omitted on Extended Coverage Policies

6. Water rights, claims or title to water, whether shown by the public record or not.
7. Any taxes which may be due, but not assessed, for new construction which can be assessed on the unsecured property rolls in the office of the County Assessor, per Nevada Revised Statute 361.260.
8. Any lien, claim or charge which may be levied or imposed by any utility company, public or county or city or general improvement, by reason of said land lying within its boundaries.
9. Any taxes that may be due, but not assessed as provided in NRS Chapter 361.471 through 361.4735 both inclusive.
10. Possible Rights of Ways granted by Congress over Public Lands of The United States for "Open Range" purposes and any damage to private property which may occur by the use thereof.

11. Taxes for the fiscal year July 1, 2014 to June 30, 2015, including any district assessments collected therewith.

Roll # 10208
APN # 14-501-01
1st Installment: \$1,789.92 - Due August 18, 2014 - PAID
2nd Installment: \$1,758.00 - Due October 6, 2014 - PAID
3rd Installment: \$1,758.00 - Due January 1, 2015 - PAID
4th Installment: \$1,758.00 - Due March 2, 2015 - OPEN
Total: \$7,063.92

Roll # 10210
APN # 14-501-03
1st Installment: \$2,672.67 - Due August 18, 2014 - PAID
2nd Installment: \$2,617.00 - Due October 6, 2014 - PAID
3rd Installment: \$2,617.00 - Due January 1, 2015 - PAID
4th Installment: \$2,617.00 - Due March 2, 2015 - OPEN
Total: \$10,523.67

****Exceptions 12-16 affect Parcel A****

12. Liens for deferred taxes and/or penalties which may become due by an Application of Agricultural Use Assessment:

Recorded: February 15, 2012
Document No.: 487540, Official Records of Lyon County, Nevada

13. Reservations contained in Patent:

From: United States of America
To: John Jacob
Recorded: April 15, 1892, In Book L of Deeds, page 245, Lyon County, Nevada
Reservation: Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States. The right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as provided by law.

14. Easement as contained in Deed:

Affects: The free and uninterrupted use, liberty and privilege of and passage in and along a certain strip of land sixty (60) feet wide, the same to be used by the Walker River Irrigation District as right-of-way for construction and maintenance of a drain ditch, same extending across and upon the West side of East one half of the North East quarter Section 23 Walker River Irrigation District

To: Walker River Irrigation District

Recorded: October 22, 1927, In Book Y of Deeds, page 271, Lyon County, Nevada

15. Reservations contained in the Deed:

From: Flora A. Kingsley

To: Arthur W. Reymers

Recorded: November 1, 1933, In Book 27 of Deeds, page 187, Lyon County, Nevada

Reservation: Excepting and reserving therefrom the right of way for a County Road along the Northerly boundary line of said quarter section.

16. Right of Way as contained therein:

Purposes: To construct, operate and maintain overhead and underground electric power and communication lines.

Affects: As Shown

To: Sierra Pacific Power Company, A Nevada Corporation, it's successors and/or assigns

Recorded: March 25, 1969, In Book 52 of Deeds, page 413, Lyon County, Nevada

**** Exceptions 17-24 affect Parcel B ****

17. Liens for deferred taxes and/or penalties which may become due by an Application of Agricultural Use Assessment:

Recorded: February 15, 2012

Document No.: 487539, Official Records of Lyon County, Nevada

18. Reservations contained in the Patent:

From: The United States of America
To: Bernhard H. Reymers
Recorded: January 30, 1913, In Book S of Deeds, page 80,
Lyon County, Nevada
Reservation: The right of the proprietor of a vein or lode
to extract and remove his ore therefrom, should
the same be found to penetrate or intersect the
Premises hereby granted, as provided by law.
Affects: E 1/2 of SW 1/4 of Section 24

19. Reservations contained in the Deed:

From: B.H. Reymers
To: Herman F. Luhrs
Recorded: April 13, 1912, In Book R of Deeds, page 483,
Lyon County, Nevada
Reservation: A right of way in and through that certain
water ditch situated upon said lands known as
"the back ditch", for the passage of the water
apportioned to ten (10) shares of the
subscribed capital stock of the Fox Ditch
Company, a Corporation owing and operating a
water ditch through said lands; and also,
excepting from this conveyance all rights in
and to said lands now owned and controlled by
said Fox Ditch Company.

20. Reservations contained in the Deed:

From: Anna Reymers, (widow) of Mason Valley, Lyon
County, Nevada, Elvina Duncan, May Nichols,
Edith Jones, Alice Guild, Julius Reymers, Flora
Nicholas and Arthur Reymers, by Anna Reymers,
their Attorney-in-fact
To: John F. Seyden, F.J. Seyden, and W. Seyden
Recorded: February 8, 1927, In Book Y of Deeds, page 68,
Lyon County, Nevada
Reservation: An easement of one acre, more or less,
heretofore granted to Henry Guild, heretofore
and now used for a station for bees, with the

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right of ingress and egress to and from the same. This Conveyance is also granted subject to any rights heretofore specifically granted for public Highways or Ditches.

21. Easement as contained in Deed:

Affects: The free and uninterrupted use, liberty and privilege of and passage in and along a certain strip of land sixty (60) feet wide, the same to be used by the Walker River Irrigation District as right-of-way for construction and maintenance of a drain ditch, same extending across and upon the West side of the East half of the South East quarter Sec. 23.
To: Walker River Irrigation District
Recorded: October 22, 1927, In Book Y of Deeds, page 272, Lyon County, Nevada

22. Easement as contained in Deed and Right-of-way Agreement:

Affects: 30 or 35 Ft. or right of way along the present road to the cemetery to the North for about 1/4 mile running East and West or to make the present road a 60 foot road.
To: The County of Lyon
Recorded: July 30, 1935, In Book 28 of Deeds, page 334, Lyon County, Nevada

23. Easement as contained in Easement:

Affects: A perpetual easement and right of way for the construction, maintenance and operation of an irrigation ditch along the line as the same is presently laid out.
To: A. J. Zwiebel and Amy E. Zwiebel
Recorded: February 15, 1965, In Book 47 of Deeds, page 543, Lyon County, Nevada

24. Right of Way as contained therein:

Purposes: To construct, operate and maintain overhead and underground electric power and communication lines.
To: Sierra Pacific Power Company, a Nevada Corporation
Recorded: March 25, 1969, In Book 52 of Deeds, page 413, Lyon County, Nevada

25. Rights of way for any existing roads, trails, canals, ditches, flumes, conduits, pipe, pole or transmission lines on, under, over, through or across said premises.

26. Easements for Public Roads as now established including but not limited to the rights of the public to that portion of the property herein described known as Bridge and McKenzie.

NOTE:

THIS REPORT MAKES NO REPRESENTATION AS TO WATER, WATER RIGHTS, MINERALS OR MINERAL RIGHTS AND NO RELIANCE CAN BE MADE UPON THIS REPORT, OR OF A RESULTING POLICY OF TITLE INSURANCE, FOR SUCH MATTERS.

LEGAL DESCRIPTION

All that certain real property situate in the County of Lyon, State of Nevada, described as follows:

Parcel A:

Township 13 North, Range 25 East, M.D.B.&M

Section 23: Northeast Quarter

Excepting therefrom the following two parcels:

Parcel 1:

Beginning at the point of intersection of the Northerly line of said Section Twenty-three (23) with the quarter section line running North and South through said section, running thence Easterly along said section line a distance of eight hundred and ten (810) feet to a point; thence at a right Angle South a distance of two hundred and seventy five (275) feet to a point; thence in a Westerly direction a

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distance of eight hundred and twenty (820) feet, more or less, to a point in said North and South quarter section line distant three hundred and ten (310) feet South of said Northerly section line; thence Northerly along said quarter section line a distance of three hundred and ten (310) feet to the point of beginning.

Legal Description appeared previously in Book U, page 132 of Deeds, Lyon County, Nevada.

Excepting therefrom a parcel of land located in the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 23, T. 13 N., R. 25 E., M.D.B.&M., In Lyon County, Nevada, more particularly described as follows:

Beginning at a point on the fence line on the South side of Bridge Street extended from which the Northwest Corner of said Section 23 bears N. $89^{\circ}38'40''$ W., 3385.22 feet; thence following a fence S. $5^{\circ}23'38''$ W., 195.43 feet; thence S. $80^{\circ}51'45''$ W., 534.75 feet; thence N. $87^{\circ}27'30''$ E., 605.10 feet; thence N. $2^{\circ}05'10''$ W., 254.00 feet; thence West 49.00 feet to the point of beginning.

Legal Description appeared previously in Book 43, Page 90 of Deeds, Lyon County, Nevada.

Parcel 2:

A triangular parcel of land lying North of the fence on the North boundary of the Frade property in the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of section 23, T.13 N., R. 25 E., M.D.B.&M., in Lyon County, Nevada, more particularly described as follows:

BEGINNING at a point on the West boundary of said NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 23, where the fence intersects from which the Northwest corner of Section 23 bears N. $82^{\circ}43'30''$ W., 2645.62 feet, thence N. $80^{\circ}51'45''$ E., 217.44 feet; thence S. $87^{\circ}27'30''$ W., 214.90 feet; thence South 25.00 feet to the point of beginning.

Legal Description appeared previously in Book 43 of Deeds, Page 96 Lyon County, Nevada.

Said parcels are further delineated on Lyon County Record of Survey Map, recorded on MAY 19, 1960 as Document No. 77683.

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Parcel B:

Township 13 North, Range 25 East, M.D.B.&M.

Section 23: Southeast Quarter

Section 24: Southwest Quarter

Note: This order for Title Insurance () does (X) does not qualify for a short term rate on the premium to be charged. If it does then said rate shall remain in effect until N/A.

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

NOTE: IF THIS TRANSACTION QUALIFIES FOR AN ALTA HOMEOWNER (EAGLE) POLICY, THE BUYER SHOULD REVIEW ADDITIONAL COVERAGE AND PREMIUM.

DISCLAIMER

The liability assumed by the Company issuing this report shall not exceed the next aggregate of \$100.00 above fee paid. If the recipient of this report wished liability and/or title coverage in excess of this amount then a policy of title insurance can be purchased.

Note:

If funds are to be transferred to issuing Company by wire, please use the following information:

Receiving Bank

Wells Fargo Bank, NA
420 Montgomery St.
San Francisco, CA 94104
(ABA No.) Routing No. 121000248

Beneficiary Info

Account No. 8250780641
TITLE SERVICE AND ESCROW CO. TRUST ACCOUNT

Please include File No. and Reference Name

Note: If funds are to be transferred to issuing Company by wire, please use the following information:

Receiving Bank

Wells Fargo Bank, NA
420 Montgomery St.
San Francisco, CA 94104
(ABA No.) Routing No. 121000248

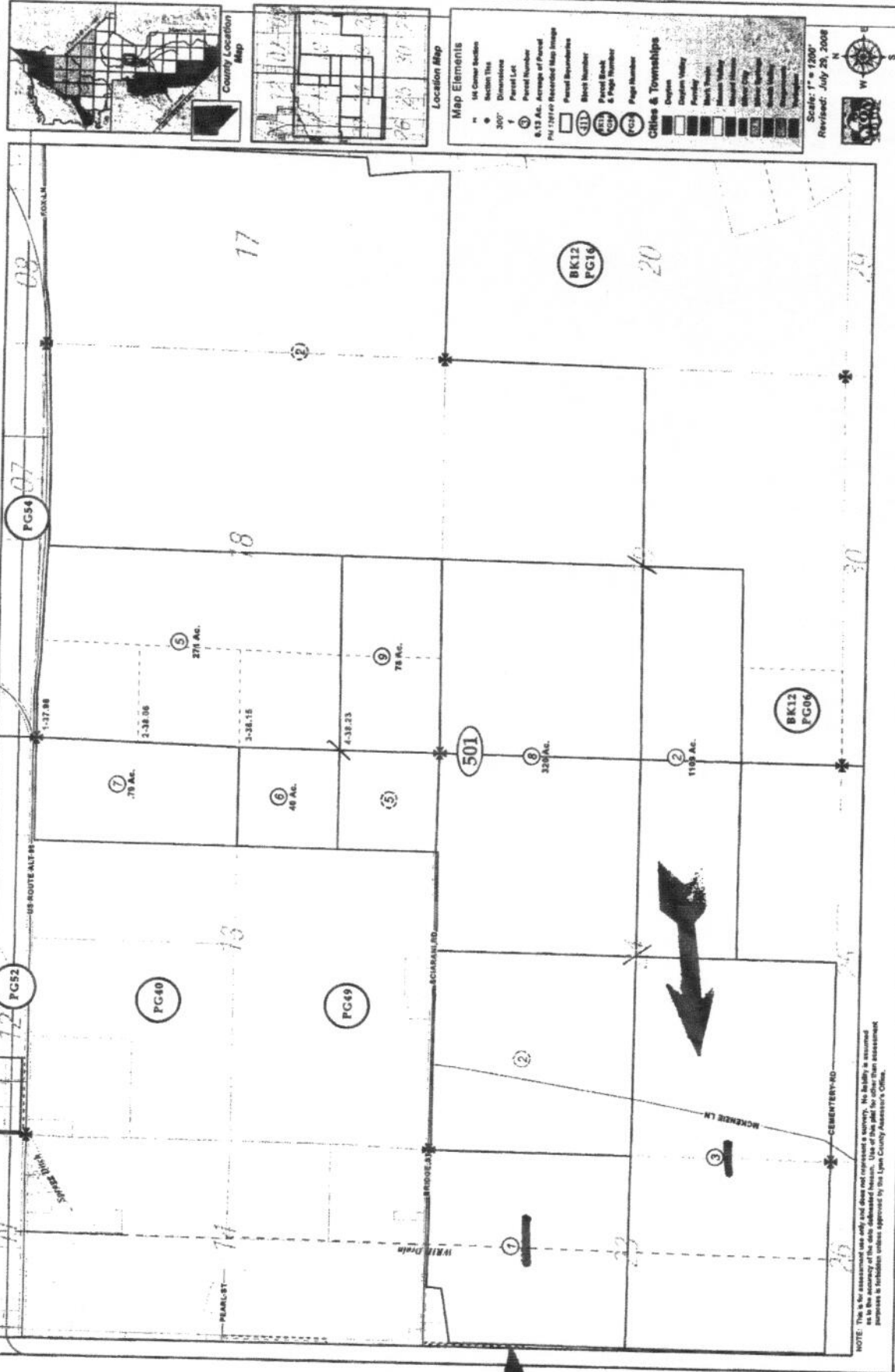
Beneficiary Info

Account No. 8250780641
TITLE SERVICE AND ESCROW CO. TRUST ACCOUNT

Please include File No. and Reference Name

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Portion Sections 13 & 23, All Section 24 T13N - R25E
Portion Sections 17 & 20 & All Sections 18 & 19 T13N - R26E MD&M



NOTE: This plat is inserted for reference purposes only and is not made a part of the title evidence.

TITLE SERVICE AND ESCROW CO.

NOTE: This is the accuracy of the data submitted to the County Assessor's Office. The liability is assumed by the County Assessor's Office. Use of the data is for information only and does not constitute a warranty. The County Assessor's Office is not responsible for any errors or omissions in the data submitted to the County Assessor's Office.