

THIS POLICY IS ISSUED IN THE UNITED STATES OF AMERICA. THIS POLICY IS A CONTRACT OF INDEMNITY CONTROLLED BY UNITED STATES LAW. IT IS NOT A TITLE OPINION, ABSTRACT OF TITLE, OR REPRESENTATION OF TITLE.

GLOBAL ADVANTAGE TITLE® - GAT® LENDER'S POLICY OF TITLE INSURANCE - URBAN



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 16 of the Conditions.

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE A AND THE CONDITIONS AND STIPULATIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, 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) a document executed under a falsified, expired, or otherwise invalid power of attorney; (v) a document not properly filed, recorded, or indexed in the Public Records; or (vi) a defective judicial proceeding; (b) a lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid; (c) an easement or servitude upon the Title recorded in the Public Records; (d) a monetary judgment binding as a lien or attachment on the Realty recorded in the Public Records; (e) a Mortgage or hypothecation upon the Title; (f) a contractual restrictive covenant binding upon the Title; or (g) an outstanding marginal annotation, preventive notice, cancellation or privilege upon the Title recorded in the Public Records.
3. No right of Access to and from the Land.
4. 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; or (c) the subdivision of the Land; 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.
5. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 4 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.
6. 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.
7. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage: (a) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation; (b) failure of any person or Entity to have authorized a transfer or conveyance; (c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered; (d) a document executed under a falsified, expired, or otherwise invalid power of attorney; (e) a document not properly filed, recorded, or indexed in the Public Records; or (f) a defective judicial or administrative proceeding.

Countersigned by:

PRO FORMA SPECIMEN ONLY



Signature of Stewart Morris Jr., Senior Chairman of the Board

Authorized Signature



Signature of Malcolm S. Morris, Chairman of the Board

Company

Signature of Michael Scallio, President

City, State

Part 1 of Policy Serial No. M-7796

8. The lack of priority of the lien of the Insured Mortgage upon the Title over any other lien or encumbrance.
9. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest Title to the Insured Mortgage in the named Insured assignee free and clear of all liens.
10. Lack of priority of the lien of the Insured Mortgage over any statutory lien for services, labor or material
 - (a) arising from an improvement or work related to the Land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the Land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the Indebtedness secured by the Insured Mortgage which at Date of Policy the Insured has advanced or is obligated to advance.
11. Any rights of others affecting Title arising out of leases, contracts, profits or options.
12. Unmarketability of the Title.
13. Any agrarian, communal, aboriginal, indigenous or ejido land ownership of the Title by the country or by any persons based upon their membership in an aboriginal or indigenous group.
14. Any Defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 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 Insured Mortgage in the Public Records.
15. Any final, non-appealable valid assessment or judgment imposed by a court of competent jurisdiction entered in the country in which the Land is located against the named Insured, or any subsidiary or affiliate of the named Insured, based solely on a determination that the named Insured, or any subsidiary or affiliate of the named Insured, violated existing insurance laws in said country because of the issuance and receipt of this policy.

The Company also will pay the costs, attorneys' fees and expenses incurred by Company in defense of the Title as insured, if the defense is secure by Company, but only to the extent provided in the Conditions and Stipulations. Any such amounts will be paid by Company in the United States of America.

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 decree, law, ordinance or governmental regulation or restriction (including but not limited to building and zoning laws, ordinances, or regulations of any state, province, municipality, autonomous community, the government of the country in which the Land is located, or of other governmental entities) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions or location of any improvement now erected on the Land;
 - (iii) a separation in ownership or subdivision of the Land or a change in the dimensions or area of the Land or any parcel of which the Land is or was a part;
 - (iv) limitations on size or quantity of ownership; or,
 - (v) 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 4.
 - (b) Any decree, law, governmental police power or regulation or restriction of any state, province, municipality, autonomous community, the government of the country in which the Land is located, or of other governmental entities not excluded by (a) above, except to the extent that a notice of enforcement of governmental police power, Defect, lien or encumbrance upon the Title has been recorded in the Public Records of property at Date of Policy. This exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5.
 - (c) Any criminal laws.
2. Any eminent domain, forfeiture, confiscation, expropriation or taking of the Land of any state, province, municipality, autonomous community, the government of the country in which the Land is located, or of other governmental entities unless notice of the exercise thereof has been recorded in the Public Records of property at Date of Policy
 - (a) for any purposes (legal or otherwise).
 - (b) by insurrection, rebellion, revolution, civil war, act of terrorism, military or usurped power, through the efforts of a political, revolutionary or military or quasi military group not recognized as being the lawfully constituted government of the nation or one of its sub-entities.
 This Exclusion 2 does not modify or limit coverage provided under Covered Risk 6.
3. Defects, liens, encumbrances, adverse claims or other matters
 - (a) created, suffered, assumed or agreed to by an Insured Claimant;
 - (b) not Known to the Company, 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 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid reasonably equivalent current value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business, real estate, foreign investment or ownership, maritime zone, island or border zone, land ownership or alien landholding laws or regulations or public contract laws of any state, province, municipality, autonomous community, the government of the country in which the Land is located, or of other governmental entities.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that 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 that arises out of the transaction creating the interest insured hereby, by reason of the operation of bankruptcy, suspension of payment, fraud on creditors, insolvency, re-characterization, or other creditors' rights laws or regulations.
7. 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 Insured Mortgage in the Public Records.
8. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the Insured Mortgage) arising from an improvement or work related to the Land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the Indebtedness secured by the Insured Mortgage which at Date of Policy the Insured has advanced or is obligated to advance.
9. Any claim by reason of
 - a) The subsurface or subsoil estate or rights in the Land, together with the oil, gas, mines, gold, silver, copper, azoic, precious stones, any fossil substances, minerals, stones, deposits, products, petroleum, hydrocarbons, and other substances, and related rights to use the surface, or subsidence caused by the exercise of such rights; air rights or air space owned by any state, province, municipality, autonomous community, the government of the country in which the Land is located, or of other governmental entities.
 - b) Riparian rights, water rights, and any rights or ownership in submerged lands, filled-in lands or the beds, waters, or banks of streams, rivers, tidelands, lakes, lagoons, estuaries, tributaries, ravines, springs, underground water, or other waters.
 - c) Matters, whether or not recorded in the Public Records of property that could be ascertained by a survey, an inspection of the Land or by making inquiry of persons in possession thereof.
 - d) Easements or servitudes not recorded in the Public Records of property.
 - e) The physical condition of the Land.
 - f) Any loss or damage based upon the difference in value between the market or appraiser's value and the declared taxable value of the Land, including any additional taxes, penalties, sanctions or other assessments made against the Insured.

CONDITIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

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| <p>(a) "Access": The legal right of access to the Land and not the physical condition of the access. The coverage provided as to Access does not guarantee the adequacy or sufficiency of the Access for the use intended.</p> <p>(b) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this Policy, or decreased by Section 10 of these Conditions.</p> <p>(c) "Date of Policy": The date designated as "Date of Policy" in Schedule A.</p> <p>(d) "Defect": any ownership interest in the Title adverse to the Title as insured.</p> <p>(e) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.</p> <p>(f) "Indebtedness": The obligation secured by the Insured Mortgage and if that obligation is the payment of a debt, the Indebtedness is the sum of</p> <ol style="list-style-type: none"> (i) the amount of the principal disbursed as of Date of Policy; (ii) the amount of the principal disbursed subsequent to Date of Policy; (iii) the construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance; (iv) interest on the loan; (v) the prepayment premiums, exit fees, and other similar fees or penalties allowed by law; (vi) the expenses of foreclosure and any other costs of enforcement; (vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before the acquisition of the estate or interest in the Title; (viii) the amounts to pay taxes and insurance; and | <p>(i) the reasonable amounts expended to prevent deterioration of improvements; but the Indebtedness is reduced by the total of all payments and by any amount forgiven by an Insured.</p> <p>(g) "Insured": The Insured named in Schedule A.</p> <ol style="list-style-type: none"> (i) The term "Insured" also includes <ol style="list-style-type: none"> (A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions; (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 <ol style="list-style-type: none"> (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, or (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; (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, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted Defect, lien, encumbrance, or other matter insured against by this policy. |
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- (h) "Insured Claimant": An Insured claiming loss or damage.
- (i) "Insured Mortgage": The Mortgage described in paragraph 4 of Schedule A.
- (j) "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.
- (k) "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.
- (l) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (m) "Public Records": The inscriptions in the Books of the Public Registry of Property and/or the local land records in which deeds, Mortgages or inscriptions must be recorded or noted where the Land is located that impart constructive notice of matters relating to the Land to purchasers for value and without Knowledge.
- (n) "Title": The estate or interest described in Schedule A.
- (o) "Unmarketability of Title": an alleged or apparent matter affecting the Title to the Land, not excluded or excepted from coverage, which causes a purchaser from the Insured or owner shown in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of Title to the Land.

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, or (ii) in case Knowledge shall come to the Insured of any claim of Title or interest that is adverse to the Title or the lien of the Insured Mortgage, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. 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 or the lien of the Insured Mortgage, 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.
- (d) This policy insures against loss or damage which the Insured may sustain by reason of said right, claim, or matter, including Unmarketability of Title; provided, however, that with respect to said right, claim, or matter, the offer of any licensed title insurance company to insure the Title to the Land in the manner set forth herein shall be conclusive evidence of the marketability of the Title hereby insured. The Company agrees that upon request of any mortgagee or purchaser of the Insured (or the mortgagee of such purchaser), it will issue its policy containing the same affirmative coverage set forth herein, but subject to the same condition. The Company shall not be liable for any loss or damage sustained by the Insured by reason of rejection of Title by a proposed purchaser, mortgagee, or assignee, or refusal to make a loan, or refusal to purchase the Mortgage by reason of the right, claim, or matter, provided the insurance is available as set forth herein.

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, the lien of the Insured Mortgage, 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 or to Purchase the Indebtedness.
- (i) 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; or
- (ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay. When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligation of the Company to the Insured under this policy, other than to make the payment required in those subsections, 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 least of
- (i) the Amount of Insurance,
- (ii) the Indebtedness,
- (iii) 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, or
- (iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract guaranty.
- (b) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.
- (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.

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 establishes the lien of the Insured Mortgage, 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 or to the lien of the Insured Mortgage, 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.
- (d) The Company shall not be liable for loss or damage to any Insured that arises by reason of any claim or enforcement action relating to insuring provision number 15 of this policy initiated by the Insured or an affiliate or subsidiary of the Insured (or any representative thereof) or any claim or enforcement action relating to insuring provision number 15 of this policy following any communication (written or verbal) made by the Insured or any person that is an affiliate or subsidiary of the Insured (or any representative thereof) to any third party. The Insured may not disclose the existence of insuring provision number 15 of this policy at any time to any third party other than the prospective successor in Title or mortgagee of the Land.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

- (a) 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. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.
- (b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

11. PAYMENT OF LOSS

- (a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
- (b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions, the loss or damage shall be payable within 30 days thereafter.

12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) **The Company's Right to Recover**
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 or Insured Mortgage 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 Insured's Rights and Limitations**
 - (i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.
 - (ii) If the Insured exercises a right provided in (b)(i), but has knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.
- (c) **The Company's Rights Against Non-insured Obligors**
The Company's right of subrogation includes the Insured's rights against non-insured obligors including 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.

The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond, and the obligor will not be an Insured under this policy.

13. 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 lien of the Insured Mortgage or by any action asserting such claim shall be restricted to this policy. To the extent allowed by law, Company shall have no liability for and Insured hereby waives and releases any liability for negligence, misrepresentation, deceptive trade practices, tort, or punitive damages arising out of this policy, out of any service or form related to this policy, or out of any claim arising out of this policy.
- (c) Any amendment 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.

14. SEVERABILITY

If, 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.

15. CHOICE OF LAW.

(a) THE INSURED AND COMPANY HEREBY ACKNOWLEDGE AND AGREE THAT THE INTERNAL LAWS OF THE CHOSEN STATE SHALL APPLY TO THIS POLICY (WITHOUT REGARD TO ITS CHOICE OF LAW RULES) AND ANY CLAIM RELATING TO THIS POLICY OR RELATED SERVICES. THE LAWS AND REGULATIONS OF SUCH JURISDICTION CONCERNING CLAIMS SETTLEMENT ARE ACKNOWLEDGED NOT TO APPLY TO THIS POLICY AND ANY RELATED CLAIM.

The laws of _____ (the "Chosen State") shall apply to this policy. In the event that a Chosen State is not designated in the previous sentence, the Insured and Company hereby agree that the laws of the State of Texas shall apply and the State of Texas shall be the Chosen State.

(b) **Choice of Forum: ANY ACTION UNDER THIS POLICY MUST BE BROUGHT IN THE UNITED STATES OF AMERICA IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF DOMICILE OF THE COMPANY OR CHOSEN STATE.**

(c) In any litigation or proceeding filed against the Company concerning any aspect of coverage under this policy, the Insured Claimant is permitted only to have the case heard by a judge and not by a jury.

16. 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 the Company, National Legal Department, at P.O. Box 2029, Houston, Texas 77252.

17. DISCLOSURE BY INSURED.

This entire policy shall be void if, whether before or after a loss, an Insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of an Insured therein, or in case of any fraud or false swearing by an Insured related thereto.

18. CONFLICT OF LANGUAGE:

If any claim, controversy and/or dispute arises and there is some conflict between the non-English and English version of this policy, English is the "Chosen Language" in the case of such conflict and the interpretation of the Chosen Language shall control as related to such claim, controversy and/or dispute.