

COMMITMENT FOR TITLE INSURANCE T-7

ISSUED BY

WFG NATIONAL TITLE INSURANCE COMPANY

SCHEDULE A

Effective Date: **August 25, 2022, 8:00 am**

GF No. **220547-PH**

Commitment No. _____, issued **August 30, 2022, 8:00 am**

1. The policy or policies to be issued are:
 - a. OWNER'S POLICY OF TITLE INSURANCE (Form T-1)
(Not applicable for improved one-to-four family residential real estate)
Policy Amount:
PROPOSED INSURED:
 - b. TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
Policy Amount:
PROPOSED INSURED:
 - c. LOAN POLICY OF TITLE INSURANCE (Form T-2)
Policy Amount:
PROPOSED INSURED:

Proposed Borrower:
 - d. TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE (Form T-2R)
Policy Amount:
PROPOSED INSURED:
Proposed Borrower:
 - e. LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
Binder Amount:
PROPOSED INSURED:
Proposed Borrower:
 - f. OTHER
Policy Amount:
PROPOSED INSURED:
2. The interest in the land covered by this Commitment is: **Fee Simple**
3. Record title to the land on the Effective Date appears to be vested in:

Harvard Commerce Capital 1 LLC Protected Series 7, a Protected Series of a Texas Series Limited Liability Company

4. Legal description of land:

TRACT 1:

BEING A TRACT OR PARCEL OF LAND CONTAINING 0.8475 ACRES (36,919 SQUARE FEET) OUT OF 3.4481 ACRES OR 150,201 SQUARE FEET, MORE OR LESS, SITUATED IN THE M. MORMAN SURVEY, ABSTRACT 580, HARRIS COUNTY, TEXAS, BEING OUT OF UNRESTRICTED RESERVE "A", BLOCK 3, OF PRESIDIO SQUARE, SECTION ONE, AS RECORDED IN VOLUME 293, PAGE 73 OF THE MAP RECORDS OF HARRIS COUNTY TEXAS. SAID 0.8475 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS (BEARING BASIS IS THE EAST RIGHT-OF-WAY LINE OF HIGHWAY 6, BEING NORTH 00 DEGREES 08 MINUTES 28 SECONDS WEST):

COMMENCING AT A POINT ON THE SOUTHERLY CUT BACK ON THE EAST LINE OF STATE HIGHWAY NO. 6 (180-FEET WIDE), AND THE SOUTH LINE OF ALIEF-CLODINE (80-FEET WIDE), SAID POINT BEING THE NORTHWEST CORNER OF SAID RESERVE "A" OF PRESIDIO SQUARE, SECTION ONE;

THENCE, WITH THE EAST LINE OF SAID STATE HIGHWAY NO. 6 AND THE WEST LINE OF SAID RESERVE "A", SOUTH 00 DEGREES 08 MINUTES 28 SECONDS EAST, FOR A DISTANCE OF 270.00 FEET TO THE POINT OF BEGINNING FROM WHICH AN "X" CUT FOUND BEARS NORTH 20 DEGREES 42 MINUTES WEST, A DISTANCE OF 1.72 FEET FOR THE NORTHWEST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE, NORTH 89 DEGREES 51 MINUTES 32 SECONDS EAST, WITH THE SOUTH LINE OF A TRACT OF LAND DEEDED TO JPSCB PARTNERS LLC IN HARRIS COUNTY CLERKS FILE NO. 20090006191, FOR A DISTANCE OF 254.62 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" FOUND FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 00 DEGREES 08 MINUTES 28 SECONDS EAST, WITH AND ALONG THE WEST LINE OF A CALLED 2.4805 ACRE TRACT, A DISTANCE OF 145.00 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" FOUND FOR THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 89 DEGREES 51 MINUTES 32 SECONDS WEST, WITH AND ALONG THE NORTH LINE OF A CALLED 0.1200 ACRE TRACT, A CALLED 0.60953 ACRE TRACT RECORDED UNDER HARRIS COUNTY CLERK'S FILE NUMBER K-053741, A DISTANCE OF 254.62 FEET TO A 5/8 INCH IRON ROD FOUND FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT, SAID POINT BEING IN THE EAST RIGHT OF WAY OF STATE HIGHWAY NO. 6;

THENCE, WITH THE EAST RIGHT-OF-WAY LINE OF SAID STATE HIGHWAY NO. 6, NORTH 00 DEGREES 08 MINUTES 28 SECONDS WEST, FOR A DISTANCE OF 145.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 0.8475 ACRES OR (36,919 SQUARE FEET) OF LAND, MORE OR LESS.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 0.1200 ACRES (5,227 SQUARE FEET) OUT OF 3.4481 ACRES OR 150,201 SQUARE FEET, MORE OR LESS, SITUATED IN THE M. MORMAN SURVEY, ABSTRACT 580, HARRIS COUNTY, TEXAS, BEING OUT OF UNRESTRICTED RESERVE "A", BLOCK 3, OF PRESIDIO SQUARE, SECTION ONE, AS RECORDED IN VOLUME 293, PAGE 73 OF THE MAP RECORDS OF HARRIS COUNTY TEXAS. SAID 0.8475 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS (BEARING BASIS IS THE EAST RIGHT-OF-WAY LINE OF HIGHWAY 6, BEING NORTH 00 DEGREES 08 MINUTES 28 SECONDS WEST):

COMMENCING AT A FOUND 5/8 INCH CAPPED IRON ROD AT THE CUTBACK CORNER OF A 2.4085 ACRE TRACT, SAID CAPPED IRON ROD BEING IN THE NORTH RIGHT-OF-WAY OF PRESIDIO SQUARE BOULEVARD (100 FOOT WIDE);

THENCE SOUTH 89 DEGREES 51 MINUTES 32 SECONDS WEST, WITH AND ALONG THE NORTH LINE OF SAID PRESIDIO SQUARE BOULEVARD, A DISTANCE OF 390.38 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" SET FOR THE SOUTH EAST CORNER AND THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 89 DEGREES 51 MINUTES 32 SECONDS WEST, CONTINUING ALONG THE NORTH LINE OF SAID PRESIDIO SQUARE BOULEVARD A DISTANCE OF 54.62 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" SET FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 00 DEGREES 08 MINUTES 28 SECONDS WEST WITH AND ALONG THE COMMON LINE OF A CALLED 0.60953 ACRE TRACT RECORDED IN HARRIS COUNTY CLERK'S FILE NUMBER K-053741, A DISTANCE OF 45.00 FEET TO A "X" SET FOR AN INTERIOR CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 89 DEGREES 51 MINUTES 32 SECONDS EAST, WITH AND ALONG A COMMON LINE OF SAID 0.60953 ACRE TRACT, A DISTANCE OF 20.00 FEET TO A "X" SET FOR AN INTERIOR CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 00 DEGREES 08 MINUTES 28 SECONDS WEST WITH AND ALONG A COMMON LINE OF SAID 0.60953 ACRE TRACT, A DISTANCE OF 80.00 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" SET FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT, SAID IRON ROD BEING IN THE SOUTH LINE OF A 0.8475 ACRE TRACT;

THENCE NORTH 89 DEGREES 51 MINUTES 32 SECONDS EAST, WITH AND ALONG THE SOUTH LINE OF SAID 0.8475 ACRE TRACT, A DISTANCE OF 34.62 FEET TO A 5/8 INCH CAPPED IRON ROD STAMPED "SOUTH TEXAS SURVEYING" SET FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT, SAID IRON ROD BEING IN THE WEST LINE OF SAID 2.4805 ACRE TRACT;

THENCE SOUTH 00 DEGREES 08 MINUTES 28 SECONDS EAST, WITH AND ALONG THE WEST LINE OF SAID 2.4805 ACRE TRACT, A DISTANCE OF 125.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 0.1200 ACRES (5,227 SQUARE FEET OF LAND MOOR OR LESS.

Note: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made for informational and/or identification purposes and does not override Item 2 of Schedule B, hereof.

COMMITMENT FOR TITLE INSURANCE T-7

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SCHEDULE B

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):

Those recorded in Volume 293, Page 73, of the Map Records of Harris County, Texas, and in Clerk's File No(s) G003431, G337923 and G418938, of the Official Public Records of Harris County, Texas.

Any covenants or restrictions indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, family status, or national origin are hereby deleted to the extent such covenants, conditions or restrictions violate 42 USC 3604 {c}.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner's Policy only.)
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.(Applies to the Owner's Policy only.)
5. Standby fees, taxes and assessments by any taxing authority for the year **2022**, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Loan Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year ____ and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Loan Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Loan Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Loan Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Loan Policy of Title Insurance (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy of Title Insurance (T-2R).
10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):
- a. **All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.**
 - b. **Any visible and apparent easements, encroachments, encumbrance, violation, variation, or adverse circumstances affecting the title that would be disclosed by an accurate and complete land survey of land. (This exception may be deleted, at the request of the proposed insured, upon receipt of an acceptable survey, subject to additional exceptions to matters revealed by the survey.)**
 - c. **Rights of parties in possession. (Owner's Title Policy Only)**
 - d. **Rights of the public, State of Texas and the municipality in and to that portion of subject property, if any, lying within the boundaries of any roadway, public or private.**
 - e. **Easement(s) and/or building line(s) affecting the subject property as shown on Map or Plat recorded in Volume 293, Page 73, of the Map Records of Harris County, Texas.**
 - f. **Easement granted to Wendy's International, Inc., recorded in Clerk's File No. K053742, of the Official Public Records of Harris County, Texas.**
 - g. **Easement granted to CenterPoint Energy Houston Electric, LLC, recorded in Clerk's File No. 20130515036, of the Official Public Records of Harris County, Texas.**
 - h. **Consent to Dedication of Land to Harris County Flood Control District By Subdivision Plat recorded in Document No. G409509, Official Public Records, Harris County, Texas.**
 - i. **The terms, provisions, conditions, easements, covenants, and lien for assessments as set out in Declaration of Covenants, Conditions and Restrictions, recorded in Clerk's File No(s). G003431, G337923 and G418938, of the Official Public Records of Harris County, Texas.**
 - j. **Subject property lies within the boundaries of the Mission Bend MUD No. 2.**

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WFG NATIONAL TITLE INSURANCE COMPANY

SCHEDULE C

Your Policy will not cover loss, costs, attorneys' fees, and expenses resulting from the following requirements that will appear as Exceptions in Schedule B of the Policy, unless you dispose of these matters to our satisfaction, before the date the Policy is issued:

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.
2. Satisfactory evidence must be provided that:
 - a. no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,
 - b. all standby fees, taxes, assessments and charges against the property have been paid,
 - c. all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, sub-contractors, laborers and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,
 - d. there is legal right of access to and from the land,
 - e. (on a Loan Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.
3. You must pay the seller or borrower the agreed amount for your property or interest.
4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.
5. **PRIVACY POLICY: The information in this commitment may contain confidential information and is intended solely for the attention and use of the named insured as contemplated by the terms and provisions of this commitment. You are hereby notified that any disclosure, copying, distributing or taking of action in reliance on the information with third parties is prohibited.**
6. **Payment of any and all ad valorem taxes which may be due and payable on subject property.**
7. **If any party to the transaction will execute documents by a durable power of attorney Company requires that the agent of each such power of attorney provide the Company with a Certification of Durable Power of Attorney by Agent, pursuant to Texas Estates Code, Sect. 751.203, on or before the date of closing.**
8. **Should the contemplated transaction contain an assignment of buyer's interest, any assignment fee must be disclosed to all parties, including any lender. Said disclosure to be verified in writing by either signing the first page of the Settlements Statement or the actual Assignment document. Verification is to be signed by all parties.**
9. **Deed of Trust, Security Agreement and Financing Statement executed by RWP Homes, LLC to Christopher M. Pham Law Group, PLLC, Trustee, dated March 4, 2019, filed for record on March 8, 2019, and recorded in the Office of the County Clerk of Harris County, Texas, under Clerk's File No. RP-2019-92581, securing Harvard Commerce Capital 1 LLC Protected Series 7, a Protected Series of a Texas Series Limited Liability Company, in the payment of one note of even date therewith in the principal sum of \$2,800,000.00, due and payable and bearing interest as therein provided; and all the terms, conditions, and stipulations contained therein, including, but not limited to, any additional indebtedness, if any, secured by said instrument.**

Said note and lien having been affected by Loan Modification Agreement, filed March 25, 2020, and recorded in Clerk's File No. RP-2020-135117, of the Official Public Records of Harris County, Texas.

Said note and lien having been affected by Partial Release of Lien, filed April 9, 2020, and recorded in Clerk's File No. RP-2020-155307, of the Official Public Records of Harris County, Texas.

- 10. With respect to Harvard Commerce Capital 1 LLC Protected Series 7, a Protected Series of a Texas Series Limited Liability Company, a Limited Liability Company, requires the following matters to be submitted to it for review:
 - a) Copy of the articles of organization and any amendments thereto;
 - b) Copy of certificate of organization issued by the Secretary of State;
 - c) Copy of regulations of the limited liability company;
 - d) Statement by managers(s) of the limited liability company {or statement by the members of the limited liability company if it is member managed} that the proposed transaction does not involve a sale or mortgage of substantially all the assets of the limited liability company;
 - e) A certificate of incumbency stating the names of all the limited liability company: (i) managers; and, (ii) officers; or, (iii) members {if the entity is member managed}.

- 11. Assessments and/or current maintenance charges due to the property owners association, if any, must be paid in full to date of closing.

- 12. FOR INFORMATIONAL PURPOSES ONLY: Company finds the following Deeds filed of record in the Official Public Records, Harris County, Texas affecting the subject property in the last 24 months:

Warranty Deed in Lieu of Foreclosure recorded in Clerk's File No. RP-2021-111498, of the Official Public Records of Harris County, Texas.

Warranty Deed recorded in Clerk's File No. RP-2020-131017, of the Official Public Records of Harris County, Texas. (SAVE AND EXCEPT TRACT)

Warranty Deed recorded in Clerk's File No. RP-2019-92580, of the Official Public Records of Harris County, Texas.

Substitute Trustee's Deed recorded in Clerk's File No. RP-2017-307232, of the Official Public Records of Harris County, Texas.

Warranty Deed recorded in Clerk's File No. 20080592624, of the Official Public Records of Harris County, Texas.

Countersigned
THE Title Company

By _____
Authorized Signatory

COMMITMENT FOR TITLE INSURANCE T-7

SCHEDULE D

GF No. 220547-PH

Effective Date: August 25, 2022, 8:00 am

Pursuant to the requirements of Rule P-21, Basic Manual of Rules, Rates and Forms for the writing of Title Insurance in the State of Texas, the following disclosures are made:

- 1. The following individuals are directors and/or officers, as indicated, of the Title Insurance Company issuing this Commitment
WFG NATIONAL TITLE INSURANCE COMPANY

DIRECTORS:

Patrick F. Stone
 A. Steven Ozonian
 President
 Michael T. Gallaher
 Financial Officer and Treasurer
 Joseph V. McCabe
 Counsel and Secretary
 Cynthia L. Tucker

OFFICERS:

Patrick F. Stone, Executive Chairman and Founder
 A. Steven Ozonian, Chief Executive Officer and
 Michael T. Gallaher, Executive Vice President, Chief
 Joseph V. McCabe, Executive Vice President, General
 Cynthia Lee Tucker, Executive Vice President

- 2. The following disclosures are made by the Title Insurance Agent issuing this Commitment:

Best Texas Title, LLC dba THE Title Company

- a. a. The names of each shareholder, owner, partner or other person having, owning or controlling one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium are as follows: Wally Tingley
- b. Each shareholder, owner, partner or other person having, owning or controlling ten percent (10%) or more of an entity that has, owns, or controls one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium are as follows: N/A

- c. If the Agent is a corporation, the following persons are officers and directors of the Title Insurance Agent:

Agency is a Texas LLC and the Manager of the LLC is Paula Brown

OFFICERS:

Wallace Tingley Jr., President
 Keith D. Hafner, CEO
 Terry W. Tingley, CFO
 Paula Brown, Vice President, On-site Manager
 Leigh Ann Hafner, Vice President

- d. The names of any person who is not a full-time employee of the Title Insurance Agent and who receives any portion of the title insurance premium for services performed on behalf of the Title Insurance Agent in connection with the issuance of a title insurance form; and, the amount of premium that any such person shall receive: N/A

- e. For purposes of this paragraph 2, "having, owning or controlling: includes the right to receipt of a percentage of net income, gross income, or cash flow of the Agent or entity in the percentage stated in subparagraphs (a) or (b): N/A

- 3. You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving a portion of the premium from the settlement of this transaction will be disclosed on the closing or settlement statement.

You are further advised that the estimated title premium* is:

Owner's Policy

Loan Policy	_____
Endorsement Charges	_____
Other	_____
Total	_____

Of this total amount: 15% will be paid to the policy issuing Title Insurance Company; 85% will be retained by the issuing Title Insurance Agent; and the remainder of the estimated premium will be paid to other parties as follows:

<u>Amount</u>	<u>To Whom</u>	<u>For Services</u>
60.00%	Christopher M. Pham Law Group, PLLC	Closing the transaction

" *The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of the premium will be made at closing in accordance with the Rules and Regulations adopted by the Commissioner of Insurance."

COMMITMENT FOR TITLE INSURANCE (Form T-7)

TEXAS TITLE INSURANCE INFORMATION

Title insurance insures you against loss resulting from certain risks to your title.

The commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy. The commitment is a legal document. You should review it carefully to completely understand it before your closing date.

El seguro de título le asegura en relación a pérdidas resultantes de ciertos riesgos que pueden afectar el título de su propiedad.

El Compromiso para Seguro de Título es la promesa de la compañía aseguradora de títulos de emitir la póliza de seguro de título. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y entenderlo completamente antes de la fecha para finalizar su transacción.

Your Commitment of Title insurance is a legal contract between you and us. The Commitment is not an opinion or report of your title. It is a contract to issue you a policy subject to the Commitment's terms and requirements.

Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the Title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the Policy as Exclusions. These risks will not be covered by the Policy. The Policy is not an abstract of title nor does a Company have an obligation to determine the ownership of any mineral interest.

- **MINERALS AND MINERAL RIGHTS** may not be covered by the Policy. The Company may be unwilling to insure title unless there is an exclusion or an exception as to Minerals and Mineral Rights in the Policy. Optional endorsements insuring certain risks involving minerals, and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings may be available for purchase. If the title insurer issues the title policy with an exclusion or exception to the minerals and mineral rights, neither this Policy, nor the optional endorsements, ensure that the purchaser has title to the mineral rights related to the surface estate.

Another part of the determination involves whether the promise to insure is conditioned upon certain requirements being met. Schedule C of the Commitment lists these requirements that must be satisfied or the Company will refuse to cover them. You may want to discuss any matters shown in Schedules B and C of the Commitment with an attorney. These matters will affect your title and your use of the land.

When your policy is issued, the coverage will be limited by the Policy's Exceptions, Exclusions and Conditions, defined below.

- **EXCEPTIONS** are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.

- **EXCLUSIONS** are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.

- **CONDITIONS** are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Title Insurance Company at or by calling the title insurance agent that issued the Commitment. The Texas Department of Insurance may revise the policy form from time to time.

You can also get a brochure that explains the policy from the Texas Department of Insurance by calling 1-800-252-3439.

Before the Policy is issued, you may request changes in the policy. Some of the changes to consider are:

- Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey and comply with other requirements of the Company. On the Owner's Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company and if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.

- Allow the Company to add an exception to "rights of parties in possession." If you refuse this exception, the Company or the title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The Company may charge you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

The entire premium for a Policy must be paid when the Policy is issued. You will not owe any additional premiums unless you want to increase your coverage at a later date and the Company agrees to add an Increased Value Endorsement.

DELETION OF ARBITRATION PROVISION

(Not applicable to the Texas Residential Owner's Policy)

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Insurance Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The arbitration provision in the Policy is as follows:

"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, unless the Insured is an individual person (as distinguished from an Entity). 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."

SIGNATURE

DATE

