

COMMITMENT FOR TITLE INSURANCE

Issued By

First American Title Insurance Company

SCHEDULE A

Effective Date: **January 25, 2013, 8:00 am**

GF No. **MI-13-008**

Commitment No. _____, issued **February 5, 2013, 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: **PrimeLending, A PlainsCapital Company and each successor in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provisions of Section 12(c) of the Conditions**

Proposed Borrower: **Jeffrey T. King and wife, Linda J. King**

(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:
Jeffrey T. King and wife, Linda J. King

4. Legal description of the land:
See Exhibit "A" attached hereto and made a part hereof for all purposes pertinent.

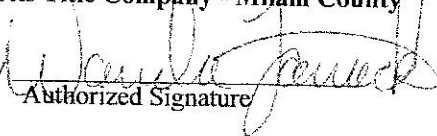
Being the same property described in Deed dated November 9, 2006, executed by Henry Lillard and wife, Gracile Lillard to Jeffrey T. King and wife, Linda J. King, recorded in Volume 1027, Page 129, Official Records of Milam County, Texas.

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

Countersigned
Botts Title Company - Milam County

By

Authorized Signature



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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, attorneys' 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):

Covenants, conditions, reservations, easements, building lines and restrictions as set forth in instrument recorded in Volume 248, Page 477, and in Volume 343, Page 435, Deed Records of Milam County, Texas. NOTE: To the extent that these restrictions violate 42USC3604(c) by indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin, such restrictions are hereby omitted.

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 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 **2013**, 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 (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 (T-2R). (Applies to Texas Short Form Residential Loan Policy (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy (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. **Rights of Parties in possession. (Owner's Title Policy Only)**
 - b. **Such presently valid and subsisting easements, if any, to which the above property is subject, as may be actually located upon the ground, which are not of record.**
 - c. **Any portion of the property herein described, if any, which falls within the boundaries of any road or roadway.**
 - d. **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.**
 - e. **The tax certificate furnished by the taxing authorities is issued on real property only. It does not include taxes on the mineral estate and/or personal property, therefore, no liability is assumed hereunder for the payment of said taxes on the mineral estate and/or personal property.**
 - f. **Covenants, conditions, reservations, easements, building lines and restrictions as set forth in instrument recorded in Volume 248, Page 477, and in Volume 343, Page 435, Deed Records of Milam County, Texas. NOTE: To the extent that these restrictions violate 42USC3604(c) by indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin, such restrictions are hereby omitted.**
 - g. **Easement dated December 5, 1944, executed by Dill Riddle Senne to Texas Power and Light Co., recorded in Volume 250, Page 284, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.**
 - h. **Easement dated May 12, 1947, executed by J.H. Riddle to Texas Power and Light Co., recorded in Volume 260, Page 402, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.**
 - i. **Easement dated January 7, 1955, executed by H.K. Riddle, M.D. to Texas Power and Light Company, recorded in Volume 288, Page 416, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.**
 - j. **Easement dated December 19, 1957, executed by H.K. Riddle, M.D. to Texas Power and Light Company, recorded in Volume 301, Page 568, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.**
 - k. **Right of Way Easement dated December 30, 1974, executed by W.T. Pearson, Jr. to Southwestern Bell Telephone Company of Texas, recorded in Volume 421, Page 53, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.**
 - l. **Right of Way Easement dated July 11, 1970, executed by Douglas Springer and Barbara Springer to Southwestern Milam Water Supply Corporation, recorded in Volume 389, Page 195, Deed Records of Milam**

County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.

- m. Mineral and/or Royalty Reservation appearing in the Deed dated September 21, 1939, executed by Jack Hall Riddle to Dr. H.K. Riddle, recorded in Volume 227, Page 183, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- n. Mineral and/or Royalty Reservation appearing in the Deed dated January 19, 1945, executed by Dill Riddle Senne to Scudder Riddle and wife, Anna Riddle, recorded in Volume 248, Page 477, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document. Life Estate reserved in said Deed dissolved upon death of both grantors.
- o. Oil, Gas, and Mineral Lease dated April 20, 1957, executed by Dr. H.K. Riddle to I.B. Bullock, recorded in Volume 82, Page 191, Oil and Gas Lease Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- p. Oil, Gas, and Mineral Lease dated June 26, 1957, executed by H.K. Riddle, M.D. to I.B. Bullock, recorded in Volume 82, Page 339, Oil and Gas Lease Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- q. Oil, Gas, and Mineral Lease dated April 20, 1957, executed by Dr. H.K. Riddle to I.B. Bullock, recorded in Volume 82, Page 194, Oil and Gas Lease Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- r. Oil and Gas Lease dated August 15, 1980, executed by W.T. Pearson, Jr. to Charles L. Davis, recorded in Volume 114, Page 943, Oil and Gas Lease Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- s. Mineral and/or Royalty Reservation appearing in the Deed dated January 14, 1952, executed by Schudder Riddle to Dill Riddle Senne, recorded in Volume 275, Page 357, Deed Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document. Life Estate reserved in said Deed dissolved upon death of both grantors.
- t. Right of Way Easement dated August 20, 1999, executed by Douglas Springer to Bartlett Electric Cooperative, Inc., recorded in Volume 815, Page 77, Official Records of Milam County, Texas, together with all rights incident thereto. TITLE to said interest not checked subsequent to date of such document.
- u. Any claim, right, or assertion of ownership, rights of ingress and egress in and to the overhead power line and septic system as shown on survey plat dated August 9, 2002, prepared by W. L. Ferguson, R.P.L.S. No. 2547.

COMMITMENT FOR TITLE INSURANCE

Issued By

First American 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, subcontractors, 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. **Require all taxes be paid up to and including 2012.**
6. **Require execution of an Affidavit as to Debts and Liens by Borrowers.**
7. Obtain and file for record a Release of Lien of the Deed of Trust dated March 25, 2008, executed by Jeffrey T. King and wife, Linda J. King to Tommy Bastian, Trustee, securing payment of one certain promissory note in the original principal sum of [REDACTED] payable to Taylor Bean & Whitaker Mortgage, Corp., recorded in Volume 1070, Page 362, Official Records of Milam County, Texas.
8. Obtain and file for record a Homestead Affidavit by Jeffrey T. King and wife, Linda J. King designating homestead/non-homestead interest in said property. Additional exceptions and/or requirements may be made upon receipt and review.
9. Obtain and file for record a Home Equity Deed of Trust from Jeffrey T. King and wife, Linda J. King to PrimeLending, A PlainsCapital Company, securing payment of one certain promissory note in the original principal sum of [REDACTED] payable to PrimeLending, A PlainsCapital Company.
10. Obtain evidence from the tax appraisal district that the agricultural exemption has been removed for the current year (the year of the HEL transaction closing); and obtain evidence from the taxing entities that either: a) all rollback taxes have been paid, or b) no rollback taxes are/will be assessed. (if applicable)
11. If the loan to be insured is a Home Equity mortgage made pursuant to Section 50(a)(6), Article XVI of the Texas Constitution, then the policy to be issued will include and be subject to the terms of the Equity Loan Mortgage Endorsement (T-42), and issuance of our policy, and said endorsement is subject to compliance with our requirements, including the following:

(1) the land must be the homestead of the owners; (2) all owners of the land, and their spouses, if any, must join; (3) we must be provided satisfactory evidence that the land is not designated for agricultural use as provided by statutes covering property tax; (4) release of all outstanding Home Equity mortgages; (5) there must have been no Home Equity Loans made within 12 months of the date of the loan to be insured; (6) execution of the insured mortgage and the promissory note secured thereby must occur at the office of the company (underwriter) or of its agent which issued this commitment: (If the mortgage and note are executed at a place other than that required herein, then said policy may still be issued, provided that said loan is executed at the office of the lender or at the office of any attorney. However, the coverage in the endorsement related to the place of closing of the loan will not be provided.); (7) the mortgage to be insured must contain a disclosure that the extension of credit is the type of credit defined by Section 50(a)(6), Article XVI of the Texas Constitution, as set forth in Subsection (a)(6)(Q)(vi) of Section 50(a)(6), Article XVI, Texas Constitution.

12. On the policy to be issued, the following will be added as an exception in Schedule B: This Policy is issued with and must have attached to it Equity Loan Mortgage Endorsement T-42.

NOTICE: Notwithstanding and provisions of the Closing Instructions or other written requirements, the title company is not making a determination of compliance with, nor providing information on the Texas constitutional requirements for creating a valid extension of credit line. These determinations are the responsibility of the lender. The title policy to be issued will only cover those items specifically stated therein.

13. If Company is to delete the appropriate portion on the standard survey exception and provide a T-19 endorsement, obtain on a form and in a manner acceptable to this Company a survey and field notes from a Registered Public Surveyor showing the following: (a) the location of all improvements, and showing the exact location of all building lines in relation to the property lines; (b) easements and/or rights of way dedicated or not, that a physical inspection of the premises might disclose; (c) indicating and labeling all encroachments, or on the face of the survey, "No Encroachments". Any survey required in the current transaction must be submitted to Company at least 24 hours prior to closing for review. Company reserves the right to make additional exceptions and/or requirements upon receipt and review of said survey. **TITLE COMPANY WILL NOT AND DOES NOT ORDER SURVEYS.** The ordering of surveys is the responsibility of the parties.
14. If a Loan Policy contemplated by this commitment is subsequent issued to the proposed lender shown on Schedule A, at the request of the proposed lender, upon the **ISSUANCE** of the loan policy the insured lender on Schedule A of the loan policy will appear as follows: "(Name of Proposed Lender), and each successor in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provision of Section 12(c) of the Conditions."
15. Title Company must be furnished with any closing package from lender at least 24 hours prior and 48 hours prior if a Home Equity Loan to closing for review. Company reserves the right to make additional exceptions and/or requirements upon receipt and review of said closing instructions.
16. Underwriter requires a copy of photo identification of all parties executing documents at closing be kept in guarantee file. (i.e. Driver's License, Passport, Governmental ID)
17. All instruments must be created on forms satisfactory to Title Company.
18. Note to all Buyers, Sellers, Borrowers, Lenders and all parties interested in the transaction covered by this Commitment. The following constitutes major changes in the procedures and requirements for disbursement of funds by the Title Agent pursuant to this transaction: Effective August 1, 1988, the State Board of Insurance has adopted Procedural Rule P-27 which requires that "Good Funds" be received and deposited before a Title Agent may disburse from its trust fund account. The term "Good Funds" is defined as:
- (1) Cash or wire transfers; (2) Certified funds, including certified checks and cashier's checks; (3) Uncertified funds in amounts less than \$1,500.00, including checks, traveler's checks, money orders and negotiable orders of withdrawal; provided multiple items shall not be used to avoid the \$1,500.00 limitation; and (4) Uncertified funds in amounts of \$1,500.00 or more, drafts and any other items when collected by the financial institution.

NOTICE: The title insurance policy being issued to you contains an arbitration provision. 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. If you are the purchaser in the transaction and elect deletion of the arbitration provision, a form will be presented to you at closing for execution. If you are the lender in the transaction and desire deletion of the Arbitration provision, please inform us through your Loan Closing Instructions. **APPLIES TO LOAN POLICY ONLY.**

COMMITMENT FOR TITLE INSURANCE

SCHEDULE D

GF No. **MI-13-008**

Effective Date: **January 25, 2013, 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

UNDERWRITER: First American Title Insurance Company, a California Corporation.

Shareholder owning or controlling, directly or indirectly, ten percent or more of the share of the Underwriter: First American Title Insurance Company is a wholly owned subsidiary of First American Financial Corporation, a public Company formed in Delaware.

Directors: Dennis J. Gilmore, Timothy V. Kemp, Mark E. Seaton, Christopher M. Leavell, Jeffrey S. Robinson

Officers: President: Dennis J. Gilmore; Senior Vice President, Secretary: Timothy V. Kemp; and Chief Financial Officer: Max O. Valdes

2. Agent: **Botts Title Company**

Shareholder, owner, partner or other person having, owning or controlling one percent (1%) or more of the Title Insurance Agent:

Val Walters
C.E. Clover, Jr.
Dorothy G. Zavodny

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:

None

If the Title Insurance Agent is a corporation, the following is a list of the members of the Board of Directors:

Val Walters C.E. Clover, Jr. Dorothy G. Zavodny

If the Title Insurance Agent is a corporation, the following is a list of its officers:

President: Val Walters Vice President: C.E. Clover, Jr. Secretary: Dorothy G. Zavodny

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	\$0.00
Loan Policy	
Endorsement Charges	\$0.00
Other	\$0.00
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:

For Services

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EXHIBIT "A"

In Re: 5.169 Acres out of a
21.95 acre tract
D. A. Thompson Survey, A-398
Milam County, Texas



All that certain tract or parcel of land situated in Milam County, Texas, being part of the D. A. Thompson Survey, Abstract No. 398 and being part of a 21.95 acre tract as conveyed from W. T. Pearson to Douglas R. Springer by Deed dated November 1, 1966 and being recorded in Volume 343, Page 435 of the Deed Records of said Milam County and being more particularly described by metes and bounds as follows, to wit:

BEGINNING at a concrete ROW marker found at a fence corner post on the North ROW of U. S. Highway No. 77 for the Southeast corner of a L. B. Kubiak 182.42 acre tract (640/858) and for a common Southwest corner of said original 21.95 acre tract and of this tract;

THENCE N19°29'00"W (Deed Bearing) - 727.45 feet with an occupied line as fenced between said original 21.95 acre tract and said Kubiak 182.42 acre tract to an iron pin set for the Northwest corner of this tract;

THENCE entering said original 21.95 acre tract for division as follows:

S81°30'05"E - 98.48 feet to an iron pin set for an interior all corner of this tract;
N76°59'10"E - 241.45 feet to an iron pin set for the Northeast corner of this tract;
S41°28'20"E - 392.06 feet to an iron pin set on a common line between the North ROW of said U. S. Highway No. 77 and said original 21.95 acre tract for the Southeast corner of this tract;

THENCE with a common line between the North ROW of said U. S. Highway No. 77 and said original 21.95 acre tract as follows:

S37°09'49"W - 357.91 feet to an iron pin set for an exterior all corner of this tract;
S42°19'25"W - 198.37 feet to the PLACE OF BEGINNING and containing 5.169 Acres of Land.

I, W. L. Ferguson, Registered Professional Land Surveyor No. 2547 in the State of Texas, do hereby certify that the above survey was performed on the ground under my supervision and that the field notes hereon are true and correct to the best of my knowledge.

Given under my hand and seal this 9th day of August, 2002.

