

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

Effective Date: **July 26, 2011, 1:15 pm**

G.F. No. or File No. [REDACTED]

Commitment No. _____ issued: **July 26, 2011, am**
(if applicable)

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 POLICY OF TITLE INSURANCE -
ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
Policy Amount: [REDACTED]
PROPOSED INSURED: **Raymond Navarro, Jr. and Barbara J Navarro**
 - (c) LOAN POLICY OF TITLE INSURANCE (Form T-2)
Policy Amount: [REDACTED]
PROPOSED INSURED: **360 Mortgage Group, LLC and/or the Secretary of Housing and Urban
Development, Washington D.C., 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**
 - (d) Proposed Borrower: **Raymond Navarro, Jr. and Barbara J Navarro**
TEXAS SHORT FORM RESIDENTIAL MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2R)
Policy Amount:
PROPOSED INSURED:
Proposed Borrower:
 - (e) MORTGAGEE 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:
Valerie Ryan
4. Legal description of the land:

Being 20.007 acres, more or less, out of the S. C. Robertson Survey, A-52, Milam County, Texas, more particularly described by metes and bounds on Exhibit "A" consisting of 3 page(s) attached hereto and made a part hereof for all purposes.

The Company is prohibited from insuring the area or quantity of the land described herein. Therefore, the Company does not represent that the acreage or square footage calculations are correct and references to the quantity are for informational purposes only.

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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):

Item No. 1, Schedule B, is hereby deleted.

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 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 Policy only.)

5. Standby fees, taxes and assessments by any taxing authority for the year **2011**, 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 Mortgage 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 Mortgagee 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 Mortgagee Policy (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee 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 Policy)**
 - b. **Rights of tenants, as tenants only, under any and all unrecorded leases or rental agreements.** *(NOTE: This item can be deleted upon receipt of an Affidavit executed by the seller evidencing there are not any outstanding leases or rental agreements. If the Affidavit reveals unrecorded outstanding leases or rental agreements the exception may be modified to make specific exception to those matters.)*
 - c. **Any visible and apparent easement, either public or private, located on or across the land, the existence of which is not disclosed by the Public Records as herein defined.**
 - 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. **Any visible and apparent roadway or easement over, under or across the property, the existence of which does not appear of record. This exception will be limited to those matters shown on an acceptable survey upon the Company being furnished with such survey.**
 - f. **All leases, grants, exceptions or reservation of coal, lignite, oil, gas and other mineral, 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.**
 - g. **Terms, Conditions, and Stipulations in Oil, Gas and Mineral Lease:**
 - Recorded:** Volume 2, Page 238, Oil and Gas Records, Milam County, Texas.
 - Lessor:** V. E. huddleston
 - Lessee:** Mrs. Fannie Ausley, et al**Title to said interest has not been researched subsequent to the date of the above referenced instrument.**
 - h. **Easement:**
 - Recorded:** Volume 339, Page 298, Deed Records, Milam County, Texas.
 - To:** Brushy Creek Water Control and Improvement District No. 1
 - Purpose:**
 - i. **Easement:**
 - Recorded:** Volume 383, Page 73, Deed Records, Milam County, Texas.
 - To:** Texas Power & Light Company
 - j. **Easement:**
 - Recorded:** Volume 394, Page 351, Deed Records, Milam County, Texas.
 - To:** Southwest Milam Water Supply Corporation
 - k. **Easement:**
 - Recorded:** Volume 498, Page 793, Official Records, Milam County, Texas.
 - To:** Southwest Milam, WSC
 - l. **Easement:**
 - Recorded:** Volume 729, Page 001, Official Records, Milam County, Texas.
 - To:** Bartlett Electric Cooperative, Inc.

m. **Mineral and/or royalty interest:**

Recorded: Volume 316, Page 433, Deed Records, Milam County, Texas.

By: E. H. Perry, III, et al

To: W. T. Pearson, Jr.

Title to said interest has not been researched subsequent to the date of the above referenced instrument.

n. **Easement:**

Recorded: Volume 1071, Page 822, Official Records, Milam County, Texas.

To: Southwest Milam Water Supply Corporation

COMMITMENT FOR TITLE INSURANCE

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. **Vendor's Lien retained in Deed:**

Recorded: Volume 1067, Page 173, Official Records, Milam County, Texas
Grantor: Lenora Hilton, et ux
Grantee: Valerie Ryan
Dated: 2/6/2008

Additionally secured by Deed of Trust:

Recorded: Volume 1067, Page 180, Official Records, Milam County, Texas
Grantor: Valerie Ryan
Trustee: G. Tommy Bastian
Beneficiary: Countrywide Bank, FSB
Amount: [REDACTED]

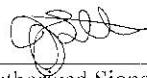
6. Company requires the marital status of Valerie Ryan, from 2/6/2008 to the date of closing. If married, company requires the spouse to join in current transaction.
7. **NOTICE:** Title Company is unwilling to issue the Title Policy without the general mineral exception(s) set out in Schedule B hereof pursuant to Procedural Rule P-5.1. Optional endorsements (T19.2 and T19.3) insuring certain risks involving minerals, and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings may be available for purchase upon request of the Proposed Insured. Neither this Policy, nor the optional endorsements, insure that the purchaser has title to the mineral rights related to the surface estate. The promulgated cost for each endorsement is \$50. Note to closer: Owner's policy premium must be calculated per Rate Rule R-36 when Schedule B includes this general mineral exception and the exception is not limited to Loan Policy only.
8. Company reserves the right to make additional exceptions and/or requirements upon review of a survey acceptable to underwriting practices of this company, up to and including the issuance of the Policy.

9. Payment of any and all ad valorem taxes which may be due and payable on the subject property.
10. Company requires Owner, Seller and/or Borrower to complete an Affidavit of Debts and Liens prior to the issuance of the Title Insurance Policy.
11. Company must be furnished with a properly executed Waiver of Inspection signed by the Purchaser.
12. Good Funds in an amount equal to all disbursements must be received and deposited before any funds may be disbursed. Partial disbursements prior to the receipt and deposit of good funds are not permitted. Good Funds means cash, wire transfer, certified checks, cashier's checks and teller checks. Company reserves the right to require wired transfer of funds in accordance with Procedural Rule P-27 where immediate disbursement is requested.
13. **ARBITRATION:** The Owner Policy of Title Insurance (Form T-1) and the Loan Policy of Title Insurance (Form T-2) contain an arbitration provision. It allows the Insured or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If the insured wants to retain the right to sue the Company in case of a dispute over a claim, the Insured must request deletion of the arbitration provision before the Policy is issued. The Insured may do this by signing the Deletion of Arbitration Provision form and returning it to the Company at or before the closing of the real estate transaction or by writing to the Company. {The Arbitration Provision may not be deleted on the Texas Residential Owner Policy of Title Insurance (Form T-1R).}

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.

Countersigned
Independence Title Company

By



Authorized Signatory

COMMITMENT FOR TITLE INSURANCE

SCHEDULE D

G.F. No. or File No. **1109118-DRP**

Effective Date: **July 26, 2011, 1:15 pm**

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 Corporation, a public company formed in Delaware.

Directors: Dennis J. Gilmore, Mark J. Harmsworth, Parker S. Kennedy, Jeffrey S. Robinson and Timothy V. Kemp

Officers: President, Dennis J. Gilmore; Executive Vice President, Chief Financial Officer: Mark J. Harmsworth; Vice President, Secretary: Timothy V. Kemp; and Executive Vice President, Business Director: John M. Hollenbeck.

2. (a) A listing 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:

ITCOT, LLC

(b) A listing of each shareholder, owner, partner, or other person having, owning or controlling 10 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:

**Jay Southworth
Brian Pitman
FSBT Holdings, Inc.**

- (c) The following is a list of its officers and directors:

**Brian Pitman, President/COO
Jay Southworth, Chairman/CEO**

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:

Owners Policy
Loan Policy
Endorsement Charges
Other
Total

[REDACTED]

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:

Amount
50.00%

To Whom
Texas Country Title

For Services
Title Evidence

*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.

This commitment is invalid unless the insuring provisions and Schedules A, B, and C are attached.