

 First American Title™	Owner's Policy of Title Insurance
	ISSUED BY First American Title Insurance Company
Owner's Policy	POLICY NUMBER SPECIMEN

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 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, **FIRST AMERICAN TITLE INSURANCE COMPANY**, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, 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) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) 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. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.

(Covered Risks Continued on Page 2)

In Witness Whereof, First American Title Insurance Company has caused its corporate name to be hereunto affixed by its authorized officers as of Date of Policy shown in Schedule A.

First American Title Insurance Company



Dennis J. Gilmore
President

Issued By:

Calloway Title and Escrow, LLC
4170 Ashford Dunwoody Road, Suite 285
Brookhaven, GA 30319



Jeffrey S. Robinson
Secretary

(This Policy is valid only when Schedules A and B are attached)

This jacket was created electronically and constitutes an original document

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ALTA OWNER'S POLICY FOR TITLE INSURANCE WITH GEORGIA MODIFICATIONS (6/17/06)-
8/16/17-cb-FIRST AMERICAN TITLE INSURANCE COMPANY/CT#2-35518/9206.668/

SCHEDULE A

POLICY NO. SPECIMEN	DATE OF POLICY: March 12, 2015 at 1:20 p.m.
AMOUNT OF INSURANCE: \$470,000.00	

1. Name of Insured.

LSCG Fund 19-1, LLC, a _____ limited liability company
2. Title to the estate or interest covered by this policy at the date hereof is vested in the Insured.
3. The estate or interest in the land described or referred to in this Schedule covered by this policy is Fee Simple,

and is vested in the Insured by virtue of that certain Deed Under Power of Sale from The Kennedy Associates, Inc., a Georgia corporation, acting through its duly appointed agent and attorney-in-fact, LSCG Fund 19, LLC, as successor-in-interest to Branch Banking and Trust Company to LSCG Fund 19-1, LLC, dated March 3, 2015, filed for record March 12, 2015 at 1:20 p.m., recorded in Deed Book 24823, Page 378, Records of DeKalb County, Georgia.
4. The land referred to in this Policy is located in the County of DeKalb, State of Georgia, and described as follows:

ALL THAT TRACT or parcel of land lying and being in Land Lot 161 of the 15th District and Land Lot 6 of the 16th District of DeKalb County, Georgia, being more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein.

TOGETHER WITH those easement rights arising under that certain Easement and Restrictive Covenant Agreement by and between First Southern Investment Company, a Georgia corporation and The Pep Boys – Manny, Moe & Jack, a Pennsylvania corporation, dated as of August 30, 1996, filed for record September 6, 1996 at 2:43 p.m., recorded in Deed Book [9128, Page 335](#), Records of DeKalb County, Georgia; as amended by that certain Amendatory Easement and Restrictive Covenant Agreement by and between First Southern Investment Company, a Georgia corporation and The Pep Boys – Manny, Moe and Jack, a Pennsylvania corporation, dated as of July 10, 1997, filed for record October 9, 1997 at 3:43 p.m., recorded in Deed Book [9649, Page 581](#), aforesaid Records.

This is a Pro Forma Policy. It does not reflect the present state of the Title and is not a Commitment to (i) insure the Title or (ii) issue any of the attached endorsements. Any such Commitment must be an express written undertaking on appropriate forms of the Company.

CALLOWAY TITLE AND ESCROW, LLC

SPECIMEN

AUTHORIZED SIGNATORY

This policy does not insure against loss or damage by reason of the following:

Standard Exceptions:

- ~~(a) Rights or claims of parties in possession not shown by the public records.~~
- ~~(b) Easements, or claims of easements, not shown by the public records.~~
- ~~(c) Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.~~
- ~~(d) Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.~~
- (e) Taxes or special assessments which are not shown as existing liens by the public records.

Special Exceptions:

1. All taxes for the year 2017 and subsequent years.
2. This policy of title insurance affords assurance as to the location of the boundary lines of subject property, but does not insure the engineering calculations in computing the exact amount of acreage contained therein.
3. Easement from J. J. Whatley to Georgia Power Company, dated March 26, 1942, filed for record May 22, 1942 at 3:00 p.m., recorded in Deed Book [566, Page 395](#), Records of DeKalb County, Georgia.
4. Easement from F. L. Dutton to Georgia Power Company, dated April 3, 1944, filed for record January 3, 1945 at 11:00 a.m., recorded in Deed Book [611, Page 449](#), aforesaid Records.
5. Easement from O. D. Grice to Georgia Power Company, dated April 7, 1944, filed for record January 3, 1945 at 11:00 a.m., recorded in Deed Book [611, Page 450](#), aforesaid Records.
6. Easement to Georgia Power Company, dated October 14, 1947, filed for record June 2, 1948 at 3:00 p.m., recorded in Deed Book [731, Page 330](#), aforesaid Records.

7. Right of Way Deed from Minnie Ola Mobley Grice, Frieda Carole Grice Searle and Cheryl Faye Grice Turner to DeKalb County, dated October 21, 1988, recorded in Deed Book [6274, Page 73](#), aforesaid Records.

NOTE: The above item may be removed or modified upon further examination and/or survey review.

8. Declaration of Covenants, Prohibited Uses and Conditions of Use Agreement by and between First Southern Investment Company, a Georgia corporation, Kings Ridge Homeowners Association, a Georgia not for profit corporation and Hidden Hills Civic Association, Inc., a Georgia not for profit corporation, dated August 30, 1996, filed for record September 6, 1996 at 2:40 a.m. [sic], recorded in Deed Book [9128, Page 322](#), aforesaid Records.
9. Easement and Restrictive Covenant Agreement by and between First Southern Investment Company, a Georgia corporation and The Pep Boys – Manny, Moe & Jack, a Pennsylvania corporation, dated as of August 30, 1996, filed for record September 6, 1996 at 2:43 p.m., recorded in Deed Book [9128, Page 335](#), aforesaid Records; as amended by that certain Amendatory Easement and Restrictive Covenant Agreement by and between First Southern Investment Company, a Georgia corporation and The Pep Boys – Manny, Moe and Jack, a Pennsylvania corporation, dated as of July 10, 1997, filed for record October 9, 1997 at 3:43 p.m., recorded in Deed Book [9649, Page 581](#), aforesaid Records; but omitting any restriction based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
10. Sewer Easement from First Southern Investment Company to DeKalb County, Georgia, dated August 1996, filed for record September 6, 1996 at 2:46 p.m., recorded in Deed Book [9128, Page 354](#), aforesaid Records.
11. Easements as contained in that certain Special Warranty Deed from First Southern Investment Company, a Georgia corporation and McKeever Automotive Group, Inc., a Georgia corporation, dated as of October 7, 1997, filed for record October 9, 1997 at 3:43 p.m., recorded in Deed Book [9649, Page 568](#), aforesaid Records.
12. Easement from McKeever Automotive Group, Inc. to Georgia Power Company, dated June 14, 2000, filed for record August 3, 2000 at 1:38 p.m., recorded in Deed Book [11507, Page 711](#), aforesaid Records.

13. Temporary Construction Easement from The Kennedi Associates, Inc. to DeKalb County, Georgia, dated October 31, 2008, filed for record November 3, 2008 at 1:28 p.m., recorded in Deed Book [21122, Page 163](#), aforesaid Records.
14. Sign Easement from The Kennedi Associates, Inc., a Georgia corporation to Green Cover, Inc., a Georgia corporation, dated October 21, 2013, filed for record April 15, 2014 at 2:25 p.m., recorded in Deed Book [24333, Page 549](#), aforesaid Records.
15. Those matters as disclosed by that certain survey entitled "Survey For Adam Siddiqi", prepared by DeKalb Surveys, Inc., bearing the seal and certification of Patrick F. Carey, Georgia Registered Land Surveyor No. 3077, dated August 10, 2015, as follows:
 - (a) Gated driveway crossing the southerly boundary line of subject property;
 - (b) Fence crossing the westerly boundary line of subject property; and
 - (c) Wood fence traversing subject property.

AS A MATTER OF INFORMATION:

- (a) Seventy-five (75') foot building setback line along the Right-of-Way of South Hairston Road;
- (b) Thirty (30') foot building setback line along the westerly boundary line of subject property; and
- (c) Twenty (20') foot building setback line along the northerly and southerly boundary lines of subject property.

EXHIBIT "A"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 161 OF THE 15TH DISTRICT AND IN LAND LOT 6 OF THE 16TH DISTRICT OF DEKALB COUNTY, GEORGIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

TO FIND THE TRUE POINT OF BEGINNING BEGIN AT AN IRON PIN PLACED ON THE WESTERN RIGHT-OF-WAY LINE OF SOUTH HAIRSTON ROAD (RIGHT-OF-WAY VARIES) A DISTANCE OF 131.79 FEET NORTHERLY AS MEASURED ALONG SAID RIGHT-OF-WAY LINE FROM THE EASTERNMOST POINT OF THE MITRE LINE AT THE INTERSECTION OF THE WESTERN RIGHT-OF-WAY LINE OF COVINGTON HIGHWAY (A/K/A US HIGHWAY 278 AND STATE ROUTE NUMBER 12 - RIGHT-OF-WAY VARIES); THENCE ALONG THE WESTERN RIGHT-OF-WAY LINE OF SOUTH HAIRSTON ROAD NORTH 14 DEGREES 41 MINUTES 03 SECONDS EAST A DISTANCE OF 144.86 FEET TO A CONCRETE MONUMENT; THENCE CONTINUING ALONG THE WESTERN RIGHT-OF-WAY LINE OF SOUTH HAIRSTON ROAD NORTH 21 DEGREES 22 MINUTES 45 SECONDS EAST A DISTANCE OF 99.20 FEET TO A CONCRETE MONUMENT FOUND AND THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT-OF-WAY AND RUNNING NORTH 73 DEGREES 38 MINUTES 26 SECONDS WEST A DISTANCE OF 273.79 FEET TO A POINT; RUNNING THENCE NORTH 03 DEGREES 41 MINUTES 05 SECONDS EAST A DISTANCE OF 78.31 FEET TO A POINT; RUNNING THENCE NORTH 74 DEGREES 09 MINUTES 23 SECONDS WEST A DISTANCE OF 192.08 FEET TO A POINT, RUNNING THENCE NORTH 01 DEGREES 21 MINUTES 32 SECONDS EAST A DISTANCE OF 203.50 FEET TO A POINT; RUNNING THENCE SOUTH 75 DEGREES 59 MINUTES 35 SECONDS EAST A DISTANCE OF 224.95 FEET TO A POINT, RUNNING THENCE SOUTH 14 DEGREES 24 MINUTES 40 SECONDS WEST A DISTANCE OF 50 FEET TO A POINT; RUNNING THENCE SOUTH 75 DEGREES 59 MINUTES 35 SECONDS EAST A DISTANCE OF 256.97 FEET TO A POINT; RUNNING THENCE SOUTH 03 DEGREES 25 MINUTES 32 SECONDS EAST A DISTANCE OF 43.34 FEET TO A POINT; RUNNING THENCE ALONG THE WESTERLY RIGHT-OF-WAY OF SOUTH HAIRSTON AN ARC DISTANCE OF 204.90 FEET TO A CONCRETE MONUMENT FOUND (SAID ARC BEING SUBTENDED BY CHORD HAVING A BEARING SOUTH 05 DEGREES 39 MINUTES 43 SECONDS WEST AND A CHORD DISTANCE OF 203.81 FEET) TO A CONCRETE MONUMENT FOUND AND THE TRUE POINT OF BEGINNING. SAID TRACT CONTAINS 2.46 ACRES MORE OR LESS, SHOWN ON SURVEY COMPLETED BY AMBIT TECHNICAL SERVICES, DATED NOVEMBER 29, 2005 CERTIFIED BY HORACE A. ALLEYNE, GEORGIA REGISTERED LAND SURVEYOR NO# 2837.

LESS AND EXCEPT FROM THE ABOVE DESCRIBED PROPERTY THE FOLLOWING PARCEL OF LAND:

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 161 of the 15th District of DeKalb County, Georgia, being more particularly described as follows:

To find the TRUE POINT OF BEGINNING, begin at an iron pin placed on the western right-of-way of South Hairston Road (right-of-way varies) a distance of 131.79 feet northerly as measured along said right-of-way line from the easternmost point of the mitre line at the intersection of the western right-of-way line of South Hairston Road and the northeastern right-of-way of Covington Highway (a/k/a U.S. Highway 278 and State Route Number 12 - right-of-way varies); thence along the western right-of-way line of South Hairston Road North 14 degrees 07 minutes 04 seconds East a distance of 144.86 feet to a concrete monument; thence continuing along the western right-of-way line of South Hairston Road North 20 degrees 12 minutes 12 seconds East a distance of 99.24 feet to a concrete monument found; thence continuing northwesterly along the western right-of-way line of South Hairston an arc distance of 204.90 feet to a concrete monument found (said arc being subtended by a chord having a bearing of North 05 degrees 11 minutes 35 seconds East and a distance of 204.13 feet); thence continuing along said right-of-way line North 03 degrees 25 minutes 32 seconds West a distance of 43.34 feet to a point; thence leaving said right-of-way and running North 75 degrees 59 minutes 35 seconds West a distance of 256.97 feet to a point; running thence North 14 degrees 24 minutes 40 seconds East a distance of 50.0 feet to a point; running thence North 75 degrees 59 minutes 35 seconds West a distance of 124.95 feet to a point and the TRUE POINT OF BEGINNING of the tract herein described, said TRUE POINT OF BEGINNING also being the northwestern corner of the land described in and conveyed by Special Warranty Deed recorded in Deed Book 9649, Page 568, Records of DeKalb County, Georgia; from the TRUE POINT OF BEGINNING as thus established, running thence South 00 degrees 48 minutes 24 seconds West along the western boundary line of the land described in the aforesaid deed, a distance of 206.83 feet to a point; running thence North 74 degrees 09 minutes 23 seconds West a distance of 92.00 feet to a point; running thence North 00 degrees 48 minutes 24 seconds East a distance of 206.83 feet to an iron pin found; running thence South 75 degrees 59 minutes 35 seconds East a distance of 100.0 feet to a point and the TRUE POINT OF BEGINNING.

5. 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;
 - (c) the subdivision of land; or
 - (d) environmental protection
 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.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 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.
7. 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.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 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 deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

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 law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) 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 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, 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 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. 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 deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (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
 - (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,
 - (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, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (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.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "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.
- (g) "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.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public

Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

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, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. 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, 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.

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 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.

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.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, 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 lesser of
- (i) the Amount of Insurance; or
- (ii) 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.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (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 cures the claim of Unmarketable Title, 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, 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.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

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.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) 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 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 Company's right of subrogation includes 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.

14. ARBITRATION (DOES NOT APPLY IN GEORGIA)

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. 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.

15. 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 by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of 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.

16. SEVERABILITY

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.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

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 **First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707. Phone: 888-632-1642.**