



Fidelity National Title Company of Oregon

900 SW 5th Avenue, Portland, OR 97204

(503)222-2424 FAX (503)227-2274

September 1, 2012

To: DLA Piper LLP
203 North LaSalle Street, Suite 1900
Chicago, Illinois 60601-1293

Re: 20120046046-FTPOR01

Enclosed is the pro forma policy of title insurance for the above transaction. It is based on our preliminary title report and understanding of the pending transaction. The final policy will be issued in the same configuration, provided that:

1. A final review and datedown of the public records and other information available to us, performed immediately before recordation of the transaction instrument(s), discloses no change to the title as title appears in the preliminary title report.
2. An instrument(s) is(are) duly executed, acknowledged and recorded, after an opportunity for our review, for the purpose of creating the estate or interest to be insured.
3. All matters excepted on the preliminary title report (Schedule B) but not excepted on the pro forma policy are paid or otherwise cleared through the closing of the transaction.
4. Our review of any subordination agreement necessary for subordinating an existing encumbrance to the trust deed or mortgage to be insured has been completed satisfactorily.
5. An acceptable affidavit and indemnity is submitted before closing, relating to the elimination of the standard exceptions (Exceptions 1 through 5 of Schedule B of the preliminary title report) and disclosing no matters warranting additional exceptions to coverage.
6. An acceptable boundary and improvements survey is submitted before closing and discloses no matters warranting additional exceptions to coverage.
7. A physical inspection of the property discloses no matters warranting additional exceptions to coverage.
8. Our review of a relevant survey, inspection report, zoning report and other information relevant to any requested endorsement has been completed satisfactorily.
9. Copies of appropriate resolutions, officer certifications and other documents are submitted before closing, establishing that the transaction has all necessary business entity approvals.
10. For a policy insuring a line of credit trust deed or mortgage, Schedule B of the policy contains Standard Exception 5 (unrecorded construction liens) UNLESS the policy includes a line of credit endorsement (OTIRO End. No. 68).
11. The appropriate charges for the policy and any endorsement are paid.

Should you have any question regarding the pro forma policy, please contact me.

Kim Alf
Title Officer
Encl.



Fidelity National Title Insurance Company

Policy No.: PROFORMA
File No.: 20120046046-FTPOR01

PRO FORMA
OWNER'S POLICY OF TITLE INSURANCE
Issued by
Fidelity National Title Insurance Company

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, Fidelity National Title Insurance Company, a California 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.
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 protectionif 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.

Oregon Title Insurance Rating Organization (OTIRO)
OTIRO NO. PO-04
American Land Title Association
ALTA Owner's Policy (6-17-2006)

**PRO FORMA
SCHEDULE A**

Fidelity National Title Insurance Company
8585 SW Cascade Avenue, Suite 200
Beaverton, OR 97008

File No. 20120046046-FTPOR01
Policy No.: PROFORMA
Address Reference: 15677 and 15667 SW Oregon Street, Sherwood, OR 97104
Amount of Insurance: PRO FORMA - \$ 8,595,114.00 - PRO FORMA
Premium: PRO FORMA - CHARGE TO BE DETERMINED - PRO FORMA
Date of Policy: PRO FORMA - DATE TO BE DETERMINED - PRO FORMA

1. Name of Insured:
Springs II at Sherwood, LLC, a Delaware limited liability company
2. The estate or interest in the Land that is insured by this policy is:
A Fee as to Parcel I, Tract A and Parcel II
An Easement as to Parcel I, Tracts B and C
3. Title is vested in:
Springs II at Sherwood, LLC, a Delaware limited liability company
4. The Land referred to in this policy is described as follows:
See Schedule C Attached Hereto

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.

**PRO FORMA
SCHEDULE B**

File No. 20120046046-FTPOR01

Policy No. PROFORMA

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Property taxes in an undetermined amount, which are a lien but not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2012-2013.
2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Adjoining roadway
Purpose: Private roadway
Recording Date: May 3, 1966
Recording No: Book 590, Page 319
Affects: A 16.5 foot strip through the Westerly portion of Parcels I and II

And as shown on recorded Partition Plat No. 1997-042.
3. Easement for the purpose shown below and rights incidental thereto as set forth in a document:
In favor of: Adjoining Parcel 1
Purpose: Road and utility
Recording Date: December 15, 1994
Recording No: 94-111293
Affects: A 16.5 strip through the Westerly portion of Parcels I and II

And as shown on recorded PARTITION PLAT NO. 1997-042.
4. Easements for the purposes shown below and rights incidental thereto as delineated or as offered for dedication, on PARTITION PLAT NO. 1997-042;
Purpose: Ingress & egress and public utilities
Affects: The Southwesterly portion of Parcels I and II
5. Easements for the purposes shown below and rights incidental thereto as set forth in a document:
In favor of: The City of Sherwood
Purpose: Storm drainage, sanitary sewer and utility
Recording Date: October 11, 2001
Recording No: 2001-104095
Affects: Westerly portions of Parcel I
6. Declaration of Covenants, Conditions and Restrictions, including the terms and provisions thereof;
Recording Date: September 3, 2002
Recording No.: 2002-102157

Affects: Parcel I
7. Terms and provisions, including obligations for maintenance of easement as established by Oregon Law and by instrument;
Recording Date: September 3, 2002
Recording No.: 2002-102158

Affects: Parcel I
8. Emergency Access Agreement, including the terms and provisions thereof;
Executed by: Adjoining property owners
Recording Date: July 28, 2003
Recording No.: 2003-122931

SCHEDULE B
(Continued)

File No. 20120046046-FTPOR01
Policy No. PROFORMA

Affects: Parcel I

9. Deed Restriction, including the terms and provisions thereof;
Recording Date: April 4, 2007
Recording No.: 2007-037065

Affects: Parcels I and II

10. Easements for the purposes shown below and rights incidental thereto as set forth in a document:
In favor of: The City of Sherwood
Purpose: Permanent subsurface storm drainage, sanitary sewer and utility
Recording Date: July 30, 2007
Recording No: 2007-083433
Affects: Parcels I and II

11. Easements for the purposes shown below and rights incidental thereto as set forth in a document:
In favor of: The City of Sherwood
Purpose: Permanent subsurface storm drainage, sanitary sewer and utility
Recording Date: July 30, 2007
Recording No: 2007-083434
Affects: Parcel I

12. Rights of residents, as residents only, with no rights of first offer or rights to purchase.

13. Matters as disclosed by ALTA/ACSM survey by Harper Houf Peterson Righellis Inc., dated July 25, 2012, last revised September 18, 2012 (undeveloped) September 17, 2012 (Developed) job no. DLA-04 (Parcel II only) and DLA-03 (Parcel I only) .

Surveyed Feature Notes:

- 1) Old fence posts- remains of old fence no longer standing
- 2) lawn area
- 9) School district 6' chain link fence
- 10) 5' wooden fence
- 11) gate
- 12) sidewalk 5.5' wide with curb

14. 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.

15. A Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing to secure an indebtedness in the amount shown below,

Amount: \$ 56,025,000.00

Dated: To Follow

Trustor/Grantor: Springs II at Sherwood, LLC, a Delaware limited liability company

Trustee: Fidelity National Title Company of Oregon

Beneficiary: General Electric Capital Corporation, a Delaware corporation, as administrative agent

Loan No.: To Follow

Recording Date: Date of Recordation

Recording No: To Follow

Oregon Title Insurance Rating Organization (OTIRO)

OTIRO No. PO-04

American Land Title Association

ALTA Owner's Policy (6-17-2006)

SCHEDULE B
(Continued)

File No. 20120046046-FTPOR01
Policy No. PROFORMA

16. An assignment of all moneys due, or to become due as rental or otherwise from said Land, to secure payment of an indebtedness, shown below and upon the terms and conditions therein

Amount: \$56,025,000.00
Assigned to: General Electric Capital Corporation, a Delaware corporation, as administrative agent
Assigned By: Springs II at Sherwood, LLC
Recording Date: Date of Recordation
Recording No: To Follow

17. A collateral assignment of the beneficial interest, which names

Assignee: General Electric Capital Corporation, a Delaware corporation, as administrative agent
Amount: \$56,025,000.00
Recording Date: Date of Recordation
Recording No: To Follow

18. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled: Memorandum of Operating Lease
Lessor: Springs II at Sherwood, LLC
Lessee: HSRE-Springs II at Sherwood SUB-TRS, LLC
Recording Date: Date of Recordation
Recording No: To Follow

The lien of the above unrecorded lease was subordinated to the lien of the Deed of Trust
Recorded: Date of Recordation, Recorder's No. To Follow
By Subordination Agreement, including the terms and provisions thereof,
Recorded: Date of Recordation, Recorder's No. To Follow

19. Security Agreement and Assignment of Leases and Rents, including the terms and provisions therein

By and Between: Spring II at Sherwood, LLC and HSRE-Springs II at Sherwood SUB-TRS, LLC
Recording Date: Date of Recordation
Recording No.: To Follow

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.

SCHEDULE C

File No. 20120046046-FTPOR01

Policy No. PROFORMA

The Land referred to in this policy is described as follows:

PARCEL I:

TRACT A:

All of Parcel 2 of PARTITION PLAT NO. 1997-042, Washington County Plat Records located in the Northwest one quarter of Section 32, Township 2 South, Range 1 West of the Willamette Meridian, in the City of Sherwood, County of Washington and State of Oregon.

TOGETHER WITH a portion of that property described in that Statutory Warranty Deed, recorded as Document No. 2001-095212, Washington County Deed Records located in the Northwest one quarter of Section 32, Township 2 South, Range 1 West of the Willamette Meridian, in the City of Sherwood County of Washington and State of Oregon said portion being more particularly described as follows:

Beginning at a 5/8" iron rod with an orange plastic cap inscribed "HHPR, Inc." at the Northeast corner of said property also being the most Easterly Southeast corner of Parcel 2 of Partition Plat 1997-042, Washington County Plat records; thence South 00°34'00" East, along the East line of said property, 101.68 feet to a 5/8" iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence leaving said East line South 81°04'01" West, 51.85 feet to a 5/8" iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence North 30°02'22" West, 34.46 feet to a 5/8" iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence South 89°46'14" West, 152.06 feet to a 5/8" iron rod with an orange plastic cap inscribed "HHPR, Inc." on the West line of said property; thence North 00°30'11" West, along the West line of said property, 79.63 feet to the Northwest corner thereof; thence North 89°46'14" East, along the North line of said property, 220.22 feet to the Point of Beginning.

TRACT B:

TOGETHER WITH an easement for road and utility purposes as described in Bargain and Sale Deed recorded December 15, 1994 as Recorder's Fee No. 94-111293.

TRACT C:

ALSO TOGETHER WITH an easement for ingress, egress and utility purposes as described in Easement Agreement recorded September 3, 2002 as Recorder's Fee No. 2002-102158.

PARCEL II:

A tract of land in Section 32, Township 2 South, Range 1 West, of the Willamette Meridian, in the City of Sherwood, County of Washington, State of Oregon, described as follows:

Beginning at a point South 89 3/4° West 7.94 chains and South 12.012 chains from the Northeast corner of the Northwest one-quarter of Section 32 in Township 2 South, Range 1 West of the Willamette Meridian; thence South 89 3/4° West 214 feet and 4 inches; thence North 316.67 feet; thence North 89 3/4° East, 214 feet and 4 inches; thence South 316.67 feet to the place of beginning.

Also the East 16 feet of even width of Tract 2, SMOCK ADDITION TO SHERWOOD, in the City of Sherwood, County of Washington and State of Oregon.

EXCEPTING THEREFROM the following described portion of said property:

Beginning at a 5/8-inch iron rod with an orange plastic cap inscribed "HHPR, Inc." at the Northeast corner of said property also be the most Easterly Southeast corner of Parcel 2 of Partition Plat 1997-042, Washington County Plat records;

Oregon Title Insurance Rating Organization (OTIRO)

OTIRO No. PO-04

American Land Title Association

ALTA Owner's Policy (6-17-2008)

SCHEDULE C

(Continued)

File No. 20120046046-FTPOR01

Policy No. PROFORMA

thence South 00°34'00" East, along the East line of said property, 101.68 feet to a 5/8-inch iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence leaving said East line South 81°04'01" West, 51.85 feet to a 5/8-inch iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence North 30°02'22" West, 34.46 feet to a 5/8-inch iron rod with an orange plastic cap inscribed "HHPR, Inc."; thence South 89°46'14" West, 152.06 feet to a 5/8-inch iron rod with an orange plastic cap inscribed "HHPR, Inc." on the West line of said property; thence North 00°30'11" West, along the West line of said property, 79.63 feet to the Northwest corner thereof; thence North 89°46'14" East, along the North line of said property, 220.22 feet to the point of beginning.

ALSO EXCEPTING that portion conveyed to the City of Sherwood for right-of-way as described in Dedication Deed, recorded December 17, 2010 as Recorder's No. 2010-101820.

Parcel II, being more particularly described as follows:

BEGINNING AT A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC." AT THE NORTHEAST CORNER OF DOCUMENT NO. 2010-042358, WASHINGTON COUNTY DEED RECORDS, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF DOCUMENT NO. 2010-042357, WHICH BEARS SOUTH 00°34'00" EAST 101.68' FROM THE SOUTHEAST CORNER OF PARCEL 2 OF PARTITION PLAT NUMBER 1997-042 ON FILE IN THE WASHINGTON COUNTY SURVEYORS OFFICE, THENCE TRACING THE BOUNDARY OF SAID DOCUMENT NO. 2010-042357 THE FOLLOWING COURSES; SOUTH 81°04'01" WEST 51.85 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC.", THENCE NORTH 30°02'22" WEST 34.46 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC.", THENCE SOUTH 89°46'14" WEST 152.06 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC.", THENCE SOUTH 00°30'11" EAST 244.61 FEET TO A 5/8" IRON ROD WITH NO CAP, THENCE NORTH 89°38'41" EAST 16.51 FEET TO AN IRON PIPE, SAID POINT ALSO BEING THE NORTHWEST CORNER OF DOCUMENT NO. 2011-013972; THENCE ALONG THE NORTH LINE OF SAID DOCUMENT NO. 2011-013972 AND DOCUMENT NO. 2010-071920, NORTH 89°19'19" EAST 188.07 FEET TO A 1/2" IRON PIPE AT THE NORTHEAST CORNER OF DOCUMENT NO. 2010-071920, THENCE ALONG THE EAST LINE OF SAID DOCUMENT NO. 2010-071920 SOUTH 00°34'00" EAST 113.29 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC." AT THE NORTHERLY RIGHT-OF-WAY OF SOUTHWEST OREGON STREET, THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY NORTH 65°40'52" EAST 10.83 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC.", THENCE NORTH 48°23'56" EAST 8.07 FEET TO A 5/8" IRON ROD WITH AN ORANGE PLASTIC CAP INSCRIBED "HHPR, INC." AND THE WESTERLY LINE OF DOCUMENT NO. 2008-051869, THENCE ALONG SAID WESTERLY LINE NORTH 00°34'00" WEST 324.56 FEET TO THE POINT OF BEGINNING.



PRO FORMA

Reference: 20120046046-FTPOR01

ENDORSEMENT

Restrictions, Encroachments, Minerals - Owner's Policy - Improved Land Endorsement

Attached to Policy Number PROFORMA

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED
- PRO FORMA

Premium: PRO FORMA - CHARGE TO BE
DETERMINED - PRO FORMA

1. Covenants, Conditions, or Restrictions.

- a. The Company insures against loss or damage sustained by the Insured by reason of the existence, at Date of Policy, of:
 - i. Any present violations on the Land of any enforceable covenants, conditions, or restrictions unless the exceptions in Schedule B of the policy identify the document or instrument containing the covenants, conditions, or restrictions, and, in addition, specifically identify the violations;
 - ii. Any existing improvements on the Land that violate any building setback lines shown on a plat of subdivision recorded or filed in the Public Records, or after Date of Policy, any final court order or judgment that denies the right to maintain any existing improvement on the Land because of a violation of covenants, conditions, or restrictions, or building setback lines shown on a plat of subdivision recorded or filed in the Public Records unless the exceptions in Schedule B of the policy identify the plat, document or instrument and, in addition, specifically identify the violations;
 - iii. Any instrument affecting the Title that contains covenants, conditions, or restrictions on the Land that, in addition:
 - (1) establishes an easement on the Land,
 - (2) provides for an option to purchase, a right of first refusal, or the prior approval of a future purchaser or occupant, or
 - (3) provides a right of reentry, possibility of reverter, or right of forfeiture because of violations on the Land of any enforceable covenants, conditions, or restrictions,unless the exceptions in Schedule B of the policy identify the document or instrument containing the covenants, conditions, or restrictions, and, in addition, state that the document or instrument includes the provision that establishes (1) the easement on the Land, (2) the option to purchase, right of first refusal or the prior approval of a future purchaser or occupant or (3) the right of reentry, possibility of reverter, or right of forfeiture that caused the loss; or
 - iv. Any notice in the Public Records of a violation of covenants, conditions, or restrictions relating to environmental protection recorded or filed in the Public Records unless the exceptions in Schedule B of the policy identify the document or instrument containing the covenants, conditions, or restrictions and, in addition, specifically identify the notice of the violation of the covenants, conditions, or restrictions relating to the environmental protection that caused the loss.
- b. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
 - i. any covenants, conditions, restrictions or limitations contained in an instrument creating a lease;
 - ii. any covenants, conditions, or restrictions relating to obligations of any type to perform maintenance, repair, or remediation on the Land; or
 - iii. except as used in Paragraph 1.a.iv, any covenants, conditions, or restrictions pertaining to

OTIRO Endorsement No. 209.5-06

Restrictions, Encroachments, Minerals - Owner's Policy - Improved Land Endorsement

ALTA Endorsement Form 9.5-06 (2/3/11)

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ENDORSEMENT

Restrictions, Encroachments, Minerals - Owner's Policy - Improved Land Endorsement
Attached to Policy Number PROFORMA

environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances.

2. Encroachments and Minerals and Other Subsurface Substances.

- a. The Company insures against loss or damage sustained by the Insured by reason of:
 - i. Any encroachment of existing improvements located on the Land
 - (1) onto adjoining land, or any encroachment onto the Land of existing improvements located on adjoining land; or
 - (2) onto that portion of the Land subject to any easement excepted in Schedule B, unless the exceptions in Schedule B of the policy specifically identify the encroachment.
 - ii. Any final court order or judgment requiring the removal from any land adjoining the Land of any encroachment, other than fences, landscaping, or driveways, excepted in Schedule B.
 - iii. Damage to existing buildings that are located on or encroach upon that portion of the Land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved;
 - iv. Damage to improvements (excluding lawns, shrubbery, or trees) located on the Land on or after Date of Policy resulting from the future exercise of any right existing at Date of Policy to use the surface of the Land for the extraction or development of minerals or any other subsurface substances excepted from the description of the Land or excepted in Schedule B.
- b. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from contamination, explosion, fire or subsidence.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Order Reference: 20120046046-FTPOR01

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.

Fidelity National Title Insurance Company

By: _____
PRO FORMA
Authorized Signature



PRO FORMA

Reference: 20120046046-FTPOR01

ACCESS AND ENTRY ENDORSEMENT

2006 ALTA POLICY

Attached to Policy No. PROFORMA

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED
- PRO FORMA

Premium: PRO FORMA - CHARGE TO BE
DETERMINED - PRO FORMA

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the Land does not abut and have both actual vehicular and pedestrian access to and from SW First Street (Parcel I) and SW Oregon Street (Parcel II) (the "Street"), (ii) the Street is not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

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.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: _____
 PRO FORMA
 Authorized Signature



Reference: 20120046046-FTPOR01

**MODIFICATION OF ARBITRATION
ENDORSEMENT**

Attached to Policy No. 20120046046
Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date:

Premium: \$ 50.00

The arbitration provisions contained in Paragraph 14 in the Conditions and Stipulations of the policy are hereby modified as follows:

Said paragraph 14 ("Arbitration") is eliminated.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsement.

[Order Reference: 20120046046-FTPOR01]

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By:

A handwritten signature in black ink, appearing to read 'T. S. John', written over a horizontal line.

Authorized Signature



PRO FORMA

Reference: 20120046046-FTPOR01

ENDORSEMENT

Zoning - Improved Land Endorsement

Attached to Policy Number PROFORMA

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED - PRO
FORMA

Premium: PRO FORMA - CHARGE TO BE DETERMINED - PRO
FORMA

1. The Company insures against loss or damage sustained by the Insured in the event that, at Date of Policy,
 - a. according to applicable zoning ordinances and amendments, the Land is not classified Zone HDR High Density Residential;
 - b. the following use or uses are not allowed under that classification:
Senior Living Facility
 - c. There shall be no liability under paragraph 1.b. if the use or uses are not allowed as the result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning ordinances and amendments, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses. This paragraph 1.c. does not modify or limit the coverage provided in Covered Risk 5.
2. The Company further insures against loss or damage sustained by the Insured by reason of a final decree of a court of competent jurisdiction either prohibiting the use of the Land, with any existing structure, as specified in paragraph 1.b. or requiring the removal or alteration of the structure, because, at Date of Policy, the zoning ordinances and amendments have been violated with respect to any of the following matters:
 - a. Area, width, or depth of the Land as a building site for the structure
 - b. Floor space area of the structure
 - c. Setback of the structure from the property lines of the Land
 - d. Height of the structure, or
 - e. Number of parking spaces.
3. There shall be no liability under this endorsement based on:
 - a. the invalidity of the zoning ordinances and amendments until after a final decree of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses;
 - b. the refusal of any person to purchase, lease or lend money on the Title covered by this policy.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Order Reference: 20120046046-FTPOR01

Fidelity National Title Insurance Company

By:


Authorized Signature



PRO FORMA

Reference: 20120046046-FTPOR01

ENDORSEMENT

Same as Survey Endorsement

Attached to Policy Number PROFORMA

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED
- PRO FORMA

Premium: PRO FORMA - CHARGE TO BE
DETERMINED - PRO FORMA

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified on the survey made by Harper Houf Peterson Righellis dated September 17, 2012, and designated Job No. DLA-04 & DLA-03.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Order Reference: 20120046046-FTPOR01

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.

Fidelity National Title Insurance Company

By: _____ PRO FORMA
Authorized Signature

OTIRO Endorsement No. 225-06
Same as Survey Endorsement

ALTA Endorsement Form 25-06 (10/16/08)

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FDOR0645.rdw



PRO FORMA

Reference: 20120046046-FTPOR01

MULTIPLE TAX PARCEL ENDORSEMENT 2006 ALTA POLICY

Attached to Policy No. PROFORMA
Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED
- PRO FORMA

Premium: PRO FORMA - CHARGE TO BE
DETERMINED - PRO FORMA

The Company insures against loss or damage sustained by the insured by reason of:

1. those portions of the Land identified below not being assessed for real estate taxes under the listed tax identification numbers or those tax identification numbers including any additional land:

Parcel: Tax Identification Numbers:

Parcel I R2069809

Parcel II R554242

2. the easements, if any, described in Schedule A being cut off or disturbed by the nonpayment of real estate taxes assessed against the servient estate.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

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.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: PRO FORMA
Authorized Signature

OTIRO Endorsement No. 218.1-06
Multiple Tax Parcel Endorsement

ALTA Endorsement Form 18.1-06 (6/17/06)

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FDOR0405.rdw



PRO FORMA

Reference: 20120046046-FTPOR01

ENDORSEMENT

Commercial Environmental Protection Lien Endorsement

Attached to

Policy Number PROFORMA

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Date: PRO FORMA - DATE TO BE DETERMINED
- PRO FORMA

Premium: PRO FORMA - CHARGE TO BE
DETERMINED - PRO FORMA

The Company insures against loss or damage sustained by the Insured by reason of an environmental protection lien that, at Date of Policy, is recorded in the Public Records or filed in the records of the clerk of the United States district court for the district in which the Land is located, unless the environmental protection lien is set forth as an exception in Schedule B.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Order Reference: 20120046046-FTPOR01

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.

Fidelity National Title Insurance Company

By: _____ PRO FORMA
Authorized Signature

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 Section 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, or
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity;
 - (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), (D), and (E) 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.

When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

- (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,

(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, or

- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured,

Owner's Policy Jacket PO-04 - Conditions
(continued)

- (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.

Owner's Policy Jacket PO-04 - Conditions
(continued)

14. ARBITRATION

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 Fidelity National Title Insurance Company, Attn. Claims Department, P. O. Box 45023, Jacksonville, Florida 32232-5023.