

**COMMITMENT FOR TITLE INSURANCE**

**SCHEDULE A**

Effective Date: **September 21, 2007, 8:00 am**

G.F. No. or File No. **202073779**

Issued: **October 9, 2007, 8:00 am**

1. The policy or policies to be issued are:

- (a) OWNER POLICY OF TITLE INSURANCE (Form T-1)  
(Not applicable for improved one-to-four family residential real estate)

Policy Amount:  
PROPOSED INSURED:

- (b) TEXAS RESIDENTIAL OWNER POLICY OF TITLE INSURANCE -  
ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)

Policy Amount:  
PROPOSED INSURED:

- (c) MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2)

Policy Amount: **\$0.00**  
PROPOSED INSURED:  
Proposed Borrower:

- (d) TEXAS SHORT FORM RESIDENTIAL MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2R)

Policy Amount:  
PROPOSED INSURED:  
Proposed Borrower:

- (e) MORTGAGEE TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)

Binder Amount:  
PROPOSED INSURED:  
Proposed Borrower:

- (f) OTHER

Policy Amount:  
PROPOSED INSURED:

2. The interest in the land covered by this Commitment is: **Fee Simple**

3. Record title to the land on the Effective Date appears to be vested in:

**Coy Johnson, as shown in Deed dated January 31, 2005, recorded in Volume 11000,  
Page 240, Official Records of Cameron County, Texas.**

4. Legal description of the land:

Lot Number Twenty One (21), WHITE SANDS ESTATE, a subdivision in the Town of South Padre Island, Cameron County, Texas, according to the map recorded in Volume 15, Page 55, Map Records of Cameron County, Texas.

**COMMITMENT FOR TITLE INSURANCE**

**SCHEDULE B**

**EXCEPTIONS FROM COVERAGE**

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

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

**This exception is hereby deleted in its entirety.**

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner Policy only).
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
  - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
  - b. to lands beyond the line of harbor or bulkhead lines as established or changed by any government, or
  - c. to filled-in lands, or artificial islands, or
  - d. to statutory water rights, including riparian rights, or
  - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.

(Applies to the Owner Policy only.)

5. Standby fees, taxes and assessments by any taxing authority for the year **2007**, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, *Texas Tax Code*, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Mortgagee Policy (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year \_\_\_\_\_ and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)

8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)
  
9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy (T-2R).
  
10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):
  - a. Rights of Parties in Possession. (Owner's Title Policy only)
  - b. The Company does not insure title to, and excepts from the description of the land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the land, together with all rights, privileges, and immunities relating thereto.
  - c. Subject to any portion of the herein described property that may lie within the right of way of any irrigation district, water control district, or drainage district, or property that said entity may claim to own in fee all located within Cameron County, Texas.
  - d. Twenty-Five (25') foot building line across the front of said lot as shown on map of said subdivision above referred to.
  - e. Eight (8') foot easement across the rear of said lot as shown on map of said subdivision referred to.
  - f. Zoning and building ordinances in favor of the Town of South Padre Island.
  - g. Statutory rights, rules, regulations, easements and liens in favor of Laguna Madre Water District, pursuant to applicable sections of the Texas Water Code. (Blanket)
  - h. Any title or rights asserted by anyone including, but not limited to, persons, corporations, governments or other entities to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or to any land extending from the line of mean low tide to the line of vegetation, or to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or to filled in land, or artificial islands, or to riparian rights, or the rights or interest of the State of Texas or the public generally in the area extending from the line of mean low tide to the line of vegetation or their right of access thereto, or right of easement along and across the same.
  - i. Any loss or gain of the land from any erosions, accretions or avulsion caused by natural or artificial forces to the land bordering on the adjacent waterway.
  - j. Public access easement described in the judgement dated January 4, 1979, styled

John L. Hill, Attorney General of Texas on behalf of The People of Texas against Randy M. Moore, Cause No. 79-40-C, filed February 5, 1979, in Volume 1144, Page 203, Deed Records and refiled July 22, 1991 in Volume 1633, Page 93, Official Records, Cameron County, Texas.

- k. Minerals reservations and/or conveyances as set forth in instrument dated April 22, 1953, recorded in Volume 557, Page 216, Deed Records, Cameron County, Texas. Title to said interest has not been checked subsequent to date thereof.
- l. Easement Agreement for Access as described in instrument dated February 2, 2005, executed by Coy Johnson to Johnson-Penny Enterprises, Inc., recorded in Volume 11017, Page 21, Official Records of Cameron County, Texas.
- m. Visible and apparent easements on or across the property herein described in which a survey and/or physical inspection would disclose.

**COMMITMENT FOR TITLE INSURANCE**

**SCHEDULE C**

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

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.
2. Satisfactory evidence must be provided that:
  - a. no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,
  - b. all standby fees, taxes, assessments and charges against the property have been paid,
  - c. all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, subcontractors, laborers and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,
  - d. there is legal right of access to and from the land,
  - e. (on a Mortgagee Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.
3. You must pay the seller or borrower the agreed amount for your property or interest.
4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.
5. **Note: Procedural Rule P-27 as provided for in Article (9.39 A of the Texas Insurance Code) requires that "Good Funds" be received and deposited before a Title Agent may disburse from its Trust Fund Account.**

**NOTE TO CLOSER:**

6. We will require joinder of spouse of the Grantor in this proposed transaction or if he/she is single, we will require a Marital Status Affidavit stating his/her marital status from the time he/she acquired said property to the present to determine if any community interest is involved. More requirements may be made as the facts become known.
7. It will be necessary that your Guaranty File be documented with a recordable original (statutory) NOTICE TO PURCHASERS OF REAL PROPERTY (See pre-printed form) notifying said purchasers that the subject property lies within the boundaries of Laguna Madre Water District.
8. Pursuant to Texas Department of Insurance Commissioner's Bulletin No. B-0025-02, our company is required under the USA PATRIOT Act of 2001 to verify the identity of parties involved in real estate transactions. As part of our compliance procedures, WE WILL REQUIRE that this company be provided with an Identity Affidavit completed and

signed by each seller, buyer, or borrower involved in a transaction wherein we are provided the following information: 1) full name, 2) principal address, 3) date of birth, 4) social security number, 5) driver's license number and state of issuance, and 6) a copy of a government issued picture identification. We must be provided with complete names of all parties involved in the transaction PRIOR TO CLOSING for review.

- 9. Tax information as to possible delinquent taxes or taxes that are due but not yet delinquent on the herein property is not available at this time. PLEASE DO NOT CLOSE THIS TRANSACTION UNTIL SUCH INFORMATION HAS BEEN PROVIDED TO YOU.
- 10. The Title Insurance Company and/or Rio Grande Valley Abstract Company, Inc., has the right to make a general exception as to the Right of Parties in Possession on the condition that the Insured executes a written instrument, "WAIVER OF INSPECTION", stating that the Insured waives inspection of the property and that the Insured is satisfied to accept the Policy subject to rights of parties in possession.
- 11. If an inspection of the property is required, the exception as to the "Rights of Parties in Possession" will be deleted after a personal inspection of the property is conducted by Rio Grande Valley Abstract, Inc., and all costs relative to that inspection have been paid.
- 12. As evidence by the inspection, special exception will be taken to the rights of parties in possession, other than the Insured.
- 13. Item 2 of Schedule B will be amended to read "Any shortages in area" in the Mortgagee Title Policy if we are furnished a survey prepared by an approved licensed Surveyor who certifies that there are no discrepancies, conflicts in boundary lines, or any encroachments, or any overlapping of Improvements.
- 14. This Company will require Affidavit as to Debts and Liens from Seller.

Countersigned  
Rio Grande Valley Abstract Co., Inc.

By \_\_\_\_\_

Examiner \_\_\_\_\_

**COMMITMENT FOR TITLE INSURANCE**

**SCHEDULE D**

G.F. No. or File No. **202073779**

Effective Date: **September 21, 2007, 8:00 am**

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

1. The following individuals are directors and/or officers, as indicated, of the Title Insurance Company issuing this Commitment

Commonwealth Land Title Insurance Company is a wholly owned subsidiary of LandAmerica Financial Group, Inc., a Virginia Corporation whose securities are publicly traded on the New York Stock Exchange.

**Commonwealth Land Title Insurance Company's Officers and Directors are as follows:**

**Officers:**

Herbert Wender, Chairman & Chief Executive Officer  
Janet A. Alpert, President  
Jeffrey A. Tischler, Treasurer & Chief Financial Officer  
Wm. Chadwick Perrine, Secretary  
Kenneth Astheimer, Executive Vice President  
John M. Carter, Executive Vice President  
G. William Evans, Executive Vice President  
Charles W. Keith, Executive Vice President  
David W. Koshork, Executive Vice President  
Donald C. Weigel, Executive Vice President  
Stephen P. Veltri, Executive Vice President  
Jeffrey D. Vaughn, Executive Vice President

**Directors:**

Herbert Wender  
Janet A. Alpert  
Jeffrey A. Tischler  
Theodore L. Chandler, Jr.  
Robert F. Norfleet, Jr.

2. The Following disclosures are made byt the Title Insurance Agent issuing this commitment pursuant to Rule P-21.

As to RIO GRANDE VALLEY ABSTRACT (Title Insurance Agent), the following disclosures are made:

B-1. If Agent is a corporation, the shareholders owning or controlling, directly or indirectly 10% or more of the shares of Agent as of the last day of the year preceding the date hereinabove set forth are as follows:

Margaret Joan White (100%)

B-2. If Undersigned Agent is a corporation, the following is a list of the members of the Board of Directors, as of the last day of the year preceding the date hereinabove set forth:

Margaret Joan White                      Jacquelyn H. Dempsey

B-3. If Undersigned Agent is a corporation, the following is a list of its officers as of the last day of the year preceding the date hereinabove set forth:

President: Margaret Joan White                      Secretary: J.H. Dempsey  
Executive Vice President: J.H. Dempsey                      Treasurer: J.H. Dempsey

3 You are entitled to receive advance disclosure of settlement charges in connection

with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving any sum from the settlement of this transaction will be disclosed on the closing or settlement statement.

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

Owners Policy	\$229.00	Additional Chains: 0
Mortgagee Policy	\$100.00	
Total	\$329.00	

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

<u>Amount</u>	<u>To Whom</u>	<u>For Services</u>
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\*The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of the premium will be made at closing in accordance with the Rules and Regulations adopted by the State Board of Insurance.

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

## TEXAS TITLE INSURANCE INFORMATION

<p>Title insurance insures you against loss resulting from certain risks to your title.</p>	<p>El seguro de titulo le asegura en relacion a perdidas resultantes de ciertos riesgos que pueden afectar el titulo de su propiedad.</p>
<p>The Commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy. The Commitment is a legal document. You should review it carefully to completely understand it before your closing date.</p>	<p>El Compromiso para Seguro de Titulo es la promesa de la compania aseguradora de titulos de emitir la poliza de seguro de titulo. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y entendario completamente antes de la fecha para finalizar su transaccion.</p>

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

Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the Title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the Policy as Exclusions. These risks will not be covered by the Policy.

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

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

- EXCEPTIONS are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.
- EXCLUSIONS are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.
- CONDITIONS are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

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

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

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

- Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey or comply with other requirements of the Company. On the Owner Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company or if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.
- Allow the Company to add an exception to "rights of parties in possession." If you refuse this exception, the Company or the title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The Company may charge you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

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

IMPORTANT NOTICE	AVISO IMPORTANTE
<p>FOR INFORMATION, OR TO MAKE A COMPLAINT, CALL OUR TOLL-FREE TELEPHONE NUMBER</p>	<p>PARA INFORMACION, O PARA SOMETER UNA QUEJA LLAME AL NUMERO GRATIS</p>
<p><b>(800) 925-0965</b></p>	<p><b>(800) 925-0965</b></p>
<p>ALSO, YOU MAY CONTACT THE TEXAS DEPARTMENT OF INSURANCE AT <b>1-800-252-3439</b></p>	<p>TAMBIEN PUEDE COMUNICARSE CON EL DEPARTAMENTO DE SEGUROS DE TEXAS AL <b>1-800-252-3439</b></p>
<p>to obtain information on:</p>	<p>para obtener información sobre:</p>
<p>1. filing a complaint against an insurance company or agent,</p>	<p>1. como someter una queja en contra de una compañía de seguros o agente de seguros,</p>
<p>2. whether an insurance company or agent is licensed,</p>	<p>2. si una compañía de seguros o agente de seguros tiene licencia,</p>
<p>3. complaints received against an insurance company or agent,</p>	<p>3. quejas recibidas en contra de una compañía de seguros o agente de seguros,</p>
<p>4. policyholder rights, and</p>	<p>4. los derechos del asegurado, y</p>
<p>5. a list of consumer publications and services available through the Department.</p>	<p>5. una lista de publicaciones y servicios para consumidores disponibles a través del Departamento.</p>
<p>YOU MAY ALSO WRITE TO: The Texas Department of Insurance P.O. Box 149104 Austin, Texas 78714-9104 FAX No (512) 475-1771</p>	<p>TAMBIEN PUEDE ESCRIBIR AL: Departamento de Seguros de Texas P.O. Box 149104 Austin, Texas 78714-9104 FAX No. (512) 475-1771</p>

THE FOLLOWING COMMITMENT FOR TITLE INSURANCE IS NOT VALID UNLESS YOUR NAME AND THE POLICY AMOUNT ARE SHOWN IN SCHEDULE A, AND OUR AUTHORIZED REPRESENTATIVE HAS COUNTERSIGNED BELOW.

**DELETION OF ARBITRATION PROVISION**

(Not Applicable to the Texas Residential Owner Policy)

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

Your policy contains an arbitration provision (shown below). It allows you **or the Company** to **require arbitration** if the amount of insurance is \$1,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the Closing of your real estate transaction or by writing to the Company.

The Arbitration provision in the Policy is as follows:

"Unless prohibited by applicable law or unless this arbitration section is deleted by specific provision in Schedule B of this policy, either the Company or the Insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. 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, and service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less **SHALL BE** arbitrated at the request of either the Company or the Insured, unless the Insured is an individual person (as distinguished from a corporation, trust, partnership, association or other legal entity). All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this Policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the Insured, the Rules in effect at the Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The Law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A Copy of the Rules may be obtained from the Company upon request."

I request deletion of the Arbitration provision.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date