

Owner's Policy of Title Insurance

Policy Issuer:
BRANDYWINE ABSTRACT COMPANY, LP
940 HAVERFORD ROAD
SUITE 102
BRYN MAWR, PA 19010
PHONE: 610-519-9300



Policy Number **OX-08034948** File Number: 11779

Issued by Old Republic 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, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, a Minnesota 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.
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 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.

Countersigned:


Authorized Officer or Licensed Agent

ORT Form 4309 PA (Revised 10/01/08)
Owners Policy (as modified by TIRBOP) 06/17/2006

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
A Stock Company
400 Second Avenue South, Minneapolis, Minnesota 55401
(612) 371-1111

By  President

Attest  Secretary

Issued with Policy Number: LXP-08076054

SCHEDULE A

Name and Address of Title Insurance Company: Old Republic National Title Insurance Company
1265 Drummers Lane, Suite 220
Wayne, PA 19087

File Number: 11779

Policy Number: OXP-08034948

Address Reference: 5 Properties
West Conshohocken, PA 19428

Amount of Insurance: \$ 375,000.00

Premium: \$ 2,233.75

Date of Policy: April 25, 2011

1. Name of Insured:
L.S. Realty Associates, LLC, a Pennsylvania limited liability company
2. The estate or interest in the Land that is insured by this policy is:
Fee Simple
3. Title is vested in:
L.S. Realty Associates, LLC, a Pennsylvania limited liability company by Deed from Conestoga Bank, dated April 5, 2011, filed for record on April 25, 2011 in Deed Book 5799, Page 167
4. The Land referred to in this policy is described as follows:
SEE EXHIBIT A ATTACHED HERETO

Old Republic National Title Insurance Company

By: Maria E Hogan
Brandywine Abstract Company, LP

Old Republic National Title Insurance Company

SCHEDULE B

File Number: 11779

Policy Number: OXP-08034948

EXCEPTIONS FROM COVERAGE

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

1. Any variation in location and dimensions, conflicts in boundary lines, encroachments, measurements, area content, party wall, overlaps, measurements and easements and any other objections which a survey made in accordance with "Minimum Standard Detail Requirements for Land Title Surveys as adopted by American Land Title Association and American Congress on Surveying and Mapping" would disclose.
2. Any lien, or right to lien, for services, labor or materials heretofore or hereafter furnished, imposed by law and not shown by public records.
3. Real estate taxes for the current and prior tax years which are hereafter assessed and are not yet due and payable.
4. Possible additional assessments for taxes for new construction or for any major improvements pursuant to provisions of Acts of Assembly relating thereto, not yet due and payable.
5. The amount or computation of area or acreage of premises is not insured.
6. Any reference to restrictions indicating a preference, limitations or discrimination based on race, color, religion, sex, sexual orientation, handicap, familial status, marital status, disability or national origin in the Covenants, Conditions and/or Restrictions listed below (if any) are hereby deleted per United State Code, Title 42, Chap. 45, sub chapter 1, Section 3606.
7. That portion of the premises in the bed(s) of all roads, streets or highways is subject to the public and private rights therein (Parcel A Premises 1, 2 & 3, Parcel B).
8. Reservations and Conditions as to Easement of proposed private roadway known as Moir Avenue as in Deed Book 3349 page 1083; Subject to the proportionate part of the expesne of keeping same in good order and repair (Parcel A Premises 1, 2, & 3, Parcel B).
9. Parcel A Premises 4 has no frontage on any legally opened street, road, avenue or lane. Company assumes no liability by reason thereof.
10. Rights or claims of parties in possession, as to tenants only, if any, is not insured.
11. Sewer Rents, 04/25/2011 forward, not yet due and payable.
12. Open-End Mortgage and Security Agreement from L.S. Realty Associates, LLC, a Pennsylvania limited liability company to Fulton Bank, NA, dated April 25, 2011, filed for record on April 25, 2011 in Mortgage Book 13070, Page 2360, in the principal sum of \$275,000.00.
13. Assignment of Rents rom L.S. Realty Associates, LLC, a Pennsylvania limited liability company to Fulton Bank, NA, dated April 25, 2011, filed for record on April 25, 2011 in Deed Book 5799 page 175.

EXHIBIT A

File Number: 11779

Policy Number: OXP-08034948

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

PARCEL A:

Premises 1:

ALL THAT CERTAIN four town lots with the messuage or tenement thereon erected, being lots numbered 269, 270, 271 and 272 in plan of lots laid out by George Bullock, situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a stake on the Northeasterly side of Moir Avenue and a corner of Lot No. 273 now or late of George W. Davis; thence by side of said Lot No. 273 Northeastwardly 130 feet to a stake on the Southwesterly side of Maria Street; thence by the Southwesterly margin of said Maria Street Southeastwardly 115.3 feet to a stake on an old line dividing the properties now or formerly of George Bullock and J. Barlow Moorehead, Deceased; thence by and along said old line South 81 degrees 46 minutes West 137.5 feet to a stone on the Northeasterly side of Moir Avenue; thence by said side of said Moir Avenue, North 27 degrees 10 minutes West 66.3 feet to the place of beginning.

Premises 2:

ALL THAT CERTAIN lot or piece of land, situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania, bounded and described according to a survey thereof as made by James Cresson, Civil Engineer, October 11, 1921, as follows, to wit:

BEGINNING at a point on the Northeasterly side of said Moir Avenue, said point being on an old line dividing the properties formerly of George Bullock and J. Barlow Moorehead, deceased, the said point now dividing the property hereby conveyed and that now or formerly of Hugh Adams, deceased; thence by and along said old line North 81 degrees East 138 feet to the Southwesterly margin of Maria Street; thence South 30 degrees 05 minutes East, along the Southwesterly margin thereof 51.8 feet to a point, a corner of this and other land now or formerly of the said J. Barlow Moorehead, deceased; thence South 81 degrees West 138 feet to the Northeast margin of Moir Avenue aforesaid; thence North 30 degrees 05 minutes West 51.8 feet to the place of beginning.

TOGETHER BEING Parcel No. 24-00-01948-00-8
TOGETER BEING known as 142 Moir Avenue

Premises 3:

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected, situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania described in accordance with a subdivision plan made for Terrance Campbell by Donald H. Schurr, Civil Engineer and Registered Surveyor, Norristown, Pennsylvania dated August 28, 1964 as follows, to wit:

BEGINNING at an iron pin set on the Southwest side of Maria Street (20 feet wide), at the distance of 319.34 feet Northwestwardly from the North side of Ford Street (50 feet wide); thence by other lands now or formerly of Terrance Campbell of which this was a part, South 82 degrees 31 minutes West 143.39 feet to an iron pin set on the Northeast side of Moir Avenue (50 feet wide); tehnce along the Northeast side thereof, North 28 degrees 34 minutes West, 80 feet to another iron pin set on the Northeast side of Moir Avenue; thence by land now or late of Hugh Adams, North 82 degrees 31 minutes East, 133.10 feet to a point on the Southwest side of Maria Street; thence along the Southwest side thereof, South 30 degrees 05 minutes East 80.85 feet to the first mentioned point and place of beginning.

EXHIBIT A
(Continued)

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BEING Parcel 1 on said Plan

TOGETHER with the free and common use, right, liberty and privilege unto the said grantee and heirs and assigns of a certain extension of a proposed private roadway known as Moir Avenue as laid out 50 feet wide, over remaining lands now or formerly of Terrance Campbell and Mary Campbell, his wife from the Southeasterly line of the above described premises, extending to the portion of said Moir Avenue as presently laid out and extending into Bullock AVenue, as and for a road, street and passageway, in common with the other owners of land abutting thereon and entitled to the use thereof hereafter, forever.

SUBJECT, however, to the proportionate part of the expense of maintaining the same in good order and repair. RESERVING however, the right and privilege to the said former grantors, Terrance Campbell and Mary Campbell in Deed recorded in Deed Book No. 3349 page 1083 of granting the use of the same unto such abutting owners as hereinafter may be determined to have the use thereof.

EXCEPTING thereof and therefrom premises conveyed by Pauline E. Gilmore and Robert P. Gilmore, her husband to Richard S. Grubb and Dorothy D. Grubb, his wife, by Deed dated 04/14/1971 and recorded in Deed Book 2673 page 214, bounded and described as follows, to wit:

ALL THAT CERTAIN lot or piece of ground, known as Tract No. 1, Situate in the Borough of West Conshohocken, County of Montgomery, Commonwealth of Pennsylvania, bounded and described according to a survey and plan thereof, made by C. Ray Minnich, R.P.E., Norristown, Pa. dated 6/29/1970 in Plan Book C11 page 10 as follows, to wit:

BEGINNING at an interior point common to this and other land now or formerly of Pauline E. Gilmore (of which this is a part) said point being 71.69 feet measured South 82 degrees 31 minutes West from a point in the Southwesterly right of way line of Maria Street (20 feet wide) (not open) a corner in line of land now of late of Terrance Campbell; thence from the beginning point by land now or late of Terrance Campbell South 82 degrees 31 minutes West 71.69 feet to a point a corner in the Northeasterly right of way line of Moir Avenue (50 feet wide) (not open); thence by the same North 28 degrees 34 minutes West 80.00 feet to a point a corner in line of land now or late of Hugh Adams; thence along a line dividing this and said other land now or formerly of Pauline E. Gilmore South 29 degrees 21 minutes 30 seconds East 80.43 feet to the first mentioned point and place of beginning.

BEING as to Premises 3: Parcel No. 24-00-01724-00-7
BEING known as to Premises 3: Maria Street

Premises 4:

ALL THAT CERTAIN lot or piece of ground, known as Tract No. 1, Situate in the Borough of West Conshohocken, County of Montgomery, Commonwealth of Pennsylvania, bounded and described according to a survey and plan thereof, made by C. Ray Minnich, R.P.E., Norristown, Pa. dated 6/29/1970 in Plan Book C11 page 10 as follows, to wit:

BEGINNING at an interior point common to this and other land now or formerly of Pauline E. Gilmore (of which this is a part) said point being 71.69 feet measured South 82 degrees 31 minutes West from a point in the Southwesterly right of way line of Maria Street (20 feet wide) (not open) a corner in line of land now of late of Terrance Campbell; thence from the beginning point by land now or late of Terrance Campbell South 82 degrees 31 minutes West 71.69 feet to a point a corner in the Northeasterly right of way line of Moir Avenue (50 feet wide) (not open); thence by the same North 28 degrees 34 minutes West 80.00 feet to a point a corner in line of land now or late of Hugh Adams; thence by the same North 82 degrees 31 minutes 70.55 feet to a corner; thence along a line dividing this and said other land now or formerly of Pauline E. Gilmore South 29 degrees 21 minutes 30 seconds East 80.43 feet to the first mentioned point and place of beginning.

EXHIBIT A
(Continued)

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BEING Parcel No. 24-00-01728-00-3
BEING known as Maria Street

PARCEL B

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected, situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania and described according to a survey of property of Terrance Campbell, et ux, being conveyed unto Joseph G. Soppick, made by Walter K. Gould of Serdy-Bursich & Associates, Inc., Engineers and Land Surveyors, as follows, to wit:

BEGINNING at an iron pin on the Westerly side of said Maria Street (20 feet wide) a corner of land now or late of Ronald Walker, et ux; thence along the same South 89 degrees 46 minutes West, 120 feet to an iron pin, a corner of land now or late of Terrance Campbell, et ux; thence along the same, North 88 degrees 12 minutes West, 174.54 feet to an iron pin in line of lands now or late of Constance Ruth; thence along the same, North 2 degrees East, 163.47 feet to an iron pin in Moir Avenue (50 feet wide); thence crossing Moir Avenue, from this line South Moir Avenue is unopened, North 81 degrees East 38 feet to an iron pin; thence along the Easterly side of Moir Avenue unopened, South 31 degrees 53 minutes 37 seconds East, 44.07 feet to an iron pin, a corner of lands now or late of John Maziarz, et ux; thence still along the Easterly side of Moir Avenue (unopened) and lands now or late of John Maziarz, et ux, South 28 degrees 32 minutes 25 seconds East 79.64 feet to an iron pin; thence still along lands now or formerly of said John Maziarz, North 82 degrees 21 minutes 10 seconds East, 143.19 feet to an iron pin on the Westerly side of Maria Street; thence along the Westerly side of Maria Street South 29 degrees 27 minutes 29 seconds East 97.60 feet to the place of beginning.

BEING Parcel No. 24-00-01720-00-2
BEING known as 142 Moir Avenue

PARCEL C

ALL THAT CERTAIN messuage and tract of land situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania, bounded and described according to a survey and plan thereof made by Will D. Hiltner, Engineer, 10/42, as follows, to wit:

BEGINNING at a point on the Southwest side of Josephine Street, at the distance of 160 feet Southeasterly from the Southeast side of Bullock Avenue, a corner of this and land now or formerly of James Harper; thence along the said side of Josephine Street, South 35 degrees East 316.20 feet, more or less, to a post, a corner of this and land now or formerly of Thomas Jones; thence along the said Thomas Jones' land, South 55 degrees 26 minutes West 128.40 feet to a corner of this and land now or formerly of the Moorehead Estate; thence along the said land now or formerly of the Moorehead Estate, North 33 degrees 59 minutes West 214.70 feet, more or less, to a stake, a corner of this and said James Harpers land; and thence along the same, North 54 degrees 43 minutes East, 123 feet to the place of beginning.

EXCEPTING AND RESERVING thereout and therefrom:

ALL THAT CERTAIN lot or piece of land Situate in the Borough of West Conshohocken, County of Montgomery and Commonwealth of Pennsylvania, bounded and described according to a survey and plan thereof made by Will D. Hiltner, in May 1947, as follows, to wit:

BEGINNING at a point on the Southwesterly side of Josephine Avenue (50 feet wide) at the distance of 160 feet Southeastwardly from the Southeasterly side of Bullock Avenue; thence along said side of Josephine Avenue South 35 degrees East 60 feet to a point a corner of other land now or formerly of Robert Joseph Reynolds, of

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which this was a part; thence along the said land now or formerly of Robert Joseph Reynolds South 54 degrees 43 minutes West 124.07 feet to a stake a corner in line of land now or late of the Moorhead Estate; thence along the same North 33 degrees 59 minutes West 60 feet to a stake a corner of land now or formerly of James Harper; thence along said land now or formerly of Harper North 54 degrees 43 minutes East 123 feet to the first mentioned point and place of beginning.

BEING Parcel No. 24-00-01664-00-4
BEING known as 143 Josephine Avenue

TOGETHER BEING AS TO PARCELS A, B AND C the same premises Alfred J. Ricci, Acting Sheriff by Indenture bearing date the 29th day of December, A.D. 2010 and recorded the 14th day of February, A.D. 2011 in the Office of the Recorder of Deeds in and for the County of Montgomery, aforesaid, in Deed Book 5793 page 480&c., granted and conveyed unto Conestoga Bank, in fee.

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.

CONDITIONS (con't)

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.

CONDITIONS AND STIPULATIONS (con't)

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

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 400 Second Avenue South, Minneapolis, Minnesota 55401-2499.