

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

(Sources include the ALTA Forms Committee Comparison Chart)

<p align="center">New Texas Loan Policy (2006 ALTA Loan Policy as modified in Texas 5/1/08) ("2006 Policy")</p>	<p align="center">Prior Texas Mortgagee Policy (1992 ALTA Loan Policy as modified in Texas) ("1992 Policy")</p>	<p align="center">Comments</p>
<p align="center">LOAN POLICY OF TITLE INSURANCE (T-2)</p> <p align="center">Issued by</p> <p align="center">Blank Title Insurance Company</p>	<p align="center">MORTGAGEE POLICY OF TITLE INSURANCE (T-2)</p> <p align="center">Issued by</p> <p align="center">Blank Title Insurance Company</p>	
<p>Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.</p>		<p>New. This notice advises the insured of the section that sets forth the place for providing notices under the policy to the title insurance company, including notices of claims.</p>
<p align="center">COVERED RISKS</p>	<p align="center">(INSURING PROVISIONS)</p>	<p>New. The Covered Risks previously were informally known as Insuring Provisions, but there was no title.</p>
<p>SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, BLANK TITLE INSURANCE COMPANY, a Blank corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 11, 13 and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:</p>	<p>SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, BLANK TITLE INSURANCE COMPANY, a Blank corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:</p>	<p>Similar. The preamble of the 2006 Policy also refers to the insuring provisions for mechanic's liens (11), creditors' rights (13), and gap coverage (14), which are new insuring provisions that provide post-policy coverage.</p>
<p>1. Title being vested other than as stated in Schedule A.</p>	<p>1. Title to the estate or interest described in Schedule A being vested other than as stated therein;</p>	<p>Similar. The 2006 Policy includes a new definition of "Title," in Section 1 (1) of the Conditions.</p>
<p>2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:</p>	<p>2. Any defect in or lien or encumbrance on the title;</p>	<p>Similar. The 2006 Policy clarifies "defects, liens, and encumbrances" by providing a non-exhaustive list of illustrated coverages but does not reduce or limit coverage to those listed items. This clarification may make some endorsements requested in other states, such as Execution Endorsements and Electronic Transactions Endorsements, unnecessary.</p>
<p>(a) A defect in the Title caused by:</p>		
<p>(i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;</p>		
<p>(ii) a failure of any person or Entity to have authorized a transfer or conveyance;</p>		
<p>(iii) a document affecting the Title not properly created, executed, witnessed, sealed, acknowledged, notarized</p>		<p>This coverage renders an Execution Endorsement unnecessary.</p>

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<p>or delivered;</p>		
<p>(iv) failure to perform those acts necessary to create a document by electronic means authorized by law;</p>		<p>New. This clarification is particularly beneficial in acknowledging that the policy insures compliance of documents with requirements for electronic documents (e.g. UETA, E-Sign, and/or URPRA).</p> <p>The MISMO® eMortgage Closing Guide states the following: "The American Land Title Association recognizes the legal and technological advances that support the creation of enforceable electronic mortgage transactions. With this recognition, the Association is anticipating the approval of a new loan policy form by July 1, 2006 that explicitly includes insurance against the invalidity or unenforceability of the lien of the insured mortgage because of 'failure to perform those acts necessary to create a document by electronic means authorized by law.' It is widely agreed that this coverage will insure against invalidity of the insured mortgage because of failure of the promissory note or mortgage to be created in accordance with applicable electronic transactions laws. Notwithstanding publication of the new loan policy form, the 1992 ALTA Loan Policy provides the same insurance by insuring provision 5, which insures against 'The invalidity or unenforceability of the lien of the insured mortgage upon the title.'"</p>
<p>(v) a document executed under a falsified, expired or otherwise invalid power of attorney;</p>		
<p>(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</p>		<p>New. For the first time, the 2006 Policy explicitly insures proper filing, recording and indexing, including such acts by electronic means.</p>
<p>(vii) a defective judicial or administrative proceeding.</p>		
<p>(b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.</p>		<p>New. The 2006 Policy insures that taxes and assessments are not due or payable, absent an explicit exception. However, the Texas tax exception negates this coverage, absent affirmative insurance in Schedule B (pursuant to Rule P-29) that taxes are not yet due and payable.</p>
<p>(c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that</p>		<p>New. Like the Short Form Loan Policy, this Covered Risk more clearly insures against matters such as encroachments onto</p>

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<p>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.</p>		<p>adjoining land that would be disclosed by a correct land title survey, absent an exception. Absent this provision, the policy may not insure against encroachments onto adjoining property, because the definition of Land does not include such improvements. This coverage will not apply to the extent there is a parallel survey exception, although an exception that is inconsistent may result in some survey coverage. The terms "violation, variation, or adverse circumstance affecting the Title" would appear not to apply to governmental setbacks or zoning ordinances, because of Exclusion 1, unless the insured secures affirmative (express) insurance, a special endorsement, or a zoning endorsement (not available in Texas). An example of a land survey could include an ALTA/ACSM Land Title Survey. Procedural Rule P-2 authorizes amendment of the "area and boundary" exception.</p>
<p>3. Unmarketable Title. Lack of good and indefeasible Title.</p>	<p>3. Unmarketability of the title; 8. Lack of good and indefeasible Title.</p>	<p>Same. The Texas policies do not insure marketability. See Exclusion 8 in 2006 Policy and Section 2502.002 Texas Insurance Code.</p>
<p>4. No right of access to and from the Land.</p>	<p>4. 3. Lack of a right of access to and from the land;</p>	<p>Same. The policies insure legal right of access, which may be pedestrian access only in some cases. For insurance of physical access, the insured must secure an Access Endorsement (T-23) (similar to ALTA Endorsement 17 or 17.1) on commercial property. Procedural Rule P-37 authorizes deletion of access insurance.</p>
<p>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:</p> <ul style="list-style-type: none"> (a) the occupancy, use or enjoyment of the Land; (b) the character, dimensions or location of any improvement erected on the Land; (c) subdivision of land; or (d) environmental protection <p>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</p>	<p>Exclusion 1. (a): Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.</p>	<p>New. This insurance was formerly covered only by Exclusion 1(a), which contained an exception to the Exclusion that is similar to this provision. While it was assumed by many that the Policy would cover the matters excepted from the Exclusions in the 1992 Policy, some case law suggests that the Exclusion will not create coverage that is not otherwise provided by the insuring (Covered Risk) provisions. The new Covered Risk includes coverage relating to permits. Exclusion 1 applies if the applicable notice is not recorded.</p>

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<p>referred to in that notice.</p>		
<p>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.</p>	<p>Exclusion 1(b): Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.</p>	<p>New. This insurance was formerly covered only by Exclusion 1(b), which contains an exception to the Exclusion that is similar to this provision. While it was assumed by many that the policy would cover the matters excepted from the Exclusions in the 1992 Policy, some case law suggests that the Exclusion will not create coverage that is not otherwise provided by the insuring (Covered Risk) provisions. Exclusion 1 applies if the applicable notice is not recorded.</p>
<p>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.</p>	<p>Exclusion 2: Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.</p>	<p>New. This insurance was formerly covered only by Exclusion 2, which contained an exception to the Exclusion that is similar to this provision. While it was assumed by many that the policy would cover the matters excepted from the Exclusions in the 1992 Policy, some case law suggests that the Exclusion will not create coverage that is not otherwise provided by the insuring (Covered Risk) provisions. Exclusion 2 applies if the applicable notice is not recorded.</p>
<p>8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.</p>	<p>Exclusion 2: Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.</p>	<p>New. This insurance was formerly covered only by Exclusion 2, which contained an exception to the Exclusion that is similar to this provision. While it was assumed by many that the policy would cover the matters excepted from the Exclusions in the 1992 Policy, some case law suggests that the Exclusion will not create coverage that is not otherwise provided by the insuring (Covered Risk) provisions.</p>
<p>9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage:</p>	<p>54. The invalidity or unenforceability of the lien of the insured mortgage upon the title;</p>	<p>Similar. The 2006 Policy clarifies coverage of invalidity and unenforceability by providing a non-exhaustive list of illustrated coverages, but does not restrict coverage to those listed items. The clarifications are the same as for Covered Risk 2.</p>
<p>(a) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;</p>		
<p>(b) failure of any person or Entity to have authorized a transfer or conveyance;</p>		
<p>(c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized or</p>		<p>This coverage renders an Execution Endorsement (not available in Texas) unnecessary.</p>

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<p>delivered;</p>		
<p>(d) failure to perform those acts necessary to create a document by electronic means authorized by law;</p>		<p>New. This clarification is particularly beneficial in acknowledging that the policy insures compliance of documents with requirements for electronic documents (e.g. UETA, E-Sign, and/or URPERA).</p> <p>The MISMO® eMortgage Closing Guide states the following: "The American Land Title Association recognizes the legal and technological advances that support the creation of enforceable electronic mortgage transactions. With this recognition, the Association is anticipating the approval of a new loan policy form by July 1, 2006 that explicitly includes insurance against the invalidity or unenforceability of the lien of the insured mortgage because of 'failure to perform those acts necessary to create a document by electronic means authorized by law.' It is widely agreed that this coverage will insure against invalidity of the insured mortgage because of failure of the promissory note or mortgage to be created in accordance with applicable electronic transactions laws. Notwithstanding publication of the new loan policy form, the 1992 ALTA Loan Policy provides the same insurance by insuring provision 5, which insures against 'The invalidity or unenforceability of the lien of the insured mortgage upon the title.'"</p>
<p>(e) a document executed under a falsified, expired or otherwise invalid power of attorney;</p>		
<p>(f) 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</p>		<p>New. For the first time, the 2006 Policy would explicitly insure proper filing, recording and indexing, including such acts by electronic means.</p>
<p>(g) a defective judicial or administrative proceeding.</p>		
<p>10. The lack of priority of the lien of the Insured Mortgage over any other lien or encumbrance.</p>	<p><u>65.</u> The priority of any lien or encumbrance over the lien of the insured mortgage;</p>	<p>Different. The 2006 Policy clarifies priority coverage by insuring priority (not simply equality of rank) of the lien of the insured mortgage.</p>
<p>11. The lack of priority of the lien of the Insured Mortgage</p> <p>(a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory <u>or constitutional mechanic's, contractor's, or materialman's</u> lien for services, labor or material arising from</p>	<p><u>67.</u> Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material <u>or constitutional mechanic's, contractor's, or materialman's lien for labor or material having its inception on or before Date of Policy;</u></p>	<p>Same. The language as rewritten provides similar coverage. The 1992 Policy contains Exclusion 6 for mechanic's liens not insured against by this insuring provision. Section 8(d)(ii) of the 1992 Policy provides that the Company is not liable for construction loan advances unless the insured continues to be</p>

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<p>construction of an improvement or work related to the Land when the improvement or work is either: <u>having its inception on or before Date of Policy; and</u></p> <p>— (i) contracted for or commenced on or before Date of Policy; or</p> <p>— (ii) contracted for, commenced or continued after Date of Policy if the construction is financed, in whole or in part, by proceeds of the loan secured by the Insured Mortgage that the Insured has advanced or is obligated on Date of Policy to advance; and</p>	<p>— (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or</p> <p>— (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;</p>	<p>obligated to advance. The 2006 Policy definition of Indebtedness is similar. Exclusion 3(a) may limit coverage for mechanic's liens if the insured does not fully advance, does not loan sufficient funds, or improperly disburses. Pending disbursement clauses or mechanic's lien exceptions may modify coverage. The Texas Policy insures against mechanic's liens that have an inception date on or prior to Date of Policy. Inception is defined by Section 52.124 of the Property Code (visible commencements). In Texas, no insurance of priority over unrecorded mechanic's liens is afforded if the mortgage secures a construction loan. Procedured Rule P-8 mandates a mechanic's lien exception in such policy.</p>
<p>(b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.</p>		<p>New. This insurance is provided by ALTA Endorsement 1 (not otherwise available in Texas) and has been included in some title insurers' policies in other western states.</p>
<p>12. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.</p>	<p>87. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.</p>	<p>Same.</p>
<p>13. The invalidity, unenforceability, lack of priority or avoidance of the lien of the Insured Mortgage upon the Title:</p> <p>(a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or</p> <p>(b) because the Insured Mortgage 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:</p>	<p>Exclusion-7-8: Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar other state or federal creditors' rights laws, that is based on <u>either:</u></p> <p>(a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer, <u>or voidable distribution or voidable dividend,</u> or</p> <p>(b) the subordination <u>or recharacterization</u> of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or</p> <p>(c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure <u>of the Company or its issuing agent:</u></p>	<p>New. This insurance was formerly covered only by Exclusion 7, which contained an exception to the Exclusion that was similar to this provision, and by the more general insuring provisions relating to defects in title, and to validity and enforceability of the insured mortgage. This provision and the revised Creditors' Rights Exclusion 6 of the 2006 Policy no longer refer to equitable subordination (sine that claim is an act of the insured and a post-policy matter), but the insurance is expanded to cover "a court order providing an alternative remedy" (which would be a monetary award or subordination). However, the insuring provision (Covered Risk) insures only against invalidity, unenforceability, lack of priority or avoidance of the Insured Mortgage. While it was assumed by many that the policy would cover the matters excepted from the Exclusions in the 1992 Policy, some case law suggests that the Exclusions will not create coverage that is not otherwise provided by the insuring (Covered Risk) provisions. Some assume that the 1970 Policy (not available in Texas), as an alternative, provides creditors' rights coverage, but that has</p>

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		<p>been a dubious proposition in many transactions because of the Exclusions from Coverage in that Policy and the lack of an explicit insuring provision (other than the general defects in title coverage). Exclusion 6 applied to other stated creditors' rights issues arising out of the current transaction. The ALTA Endorsement 21 (Creditors' Rights) is not available in Texas.</p>
<p>(i) to be timely, or</p>	<p>(+) to timely file for record the instrument of transfer to the insured after delivery; or</p>	<p>Different. Both protect against delayed recording more than 30 days after delivery that causes a transfer to be a preference. However, an exclusion may not provide coverage. The 2006 Policy covers delayed recording regardless of whether the title company files.</p>
<p>(ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.</p>	<p>(ii) the failure of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.</p>	<p>Same. However, an exclusion may not provide coverage.</p>
<p>14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 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 Insured Mortgage in the Public Records.</p>		<p>New. Like the New York policies and Short Form Loan Policy, the 2006 Policy provides gap coverage as to all other insured matters between the Date of Policy and date of recording of the vesting instrument or mortgage. This clause is intended to expedite production and delivery of the policy, which will not need to await recordation. Note that Exclusion 7 prevents liability for post-policy tax liens. The Covered Risk occurs if there is table funding or other basis for a difference in date or recording and date of last examination of Title. Some title companies, based on customary local practices or type of transaction funding, require a gap indemnity.</p>
<p>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.</p>	<p>The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.</p>	<p>Similar. Both policies provide defense costs as to matter insured against. The 2006 Policy more explicitly covers all insured matters, such as endorsements and affirmative insurance whereas the 1992 Policy referred only to defense of "the title."</p>
<p>[Witness clause optional]</p>	<p>[Witness clause optional]</p>	
<p>BLANK TITLE INSURANCE COMPANY</p>	<p>BLANK TITLE INSURANCE COMPANY</p>	<p>Same.</p>
<p>BY: _____ PRESIDENT</p>	<p>BY: _____ PRESIDENT</p>	
<p>BY: _____ SECRETARY</p>	<p>BY: _____ SECRETARY</p>	
<p align="center">EXCLUSIONS FROM COVERAGE</p>	<p align="center">EXCLUSIONS FROM COVERAGE</p>	

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<p>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:</p>	<p>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 which <u>that</u> arise by reason of:</p>	<p>Same.</p>
<p>1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:</p>	<p>1. (a) aAny law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to</p>	<p>Similar. The 2006 Policy covers the exception from the Exclusion in the 1992 Policy as Covered Risks 5 and 6. This change will avoid any doubt as to coverage for matters that were excepted from the Exclusions.</p>
<p>(i) the occupancy, use, or enjoyment of the Land;</p>	<p>(i) the occupancy, use, or enjoyment of the land;</p>	
<p>(ii) the character, dimensions or location of any improvement erected on the Land;</p>	<p>(ii) the character, dimensions or location of any improvement now or hereafter erected on the land;</p>	<p>Similar. The 2006 Policy does not say "now or hereafter" since subsequent improvements would be post-policy matters.</p>
<p>(iii) subdivision of land; or</p>	<p>(iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or</p>	<p>Same. The change in language is intended to simplify and clarify.</p>
<p>(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.</p>	<p>(iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.</p>	<p>Same. Similar. The 2006 Policy covers the exception from the Exclusion as Covered Risk 5.</p>
<p>(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.</p>	<p>(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.</p>	<p>Similar. The 2006 Policy covers the exception from the Exclusion in the 1992 Policy as Covered Risk 6. This change will avoid any doubt as to coverage for matters that were excepted from the Exclusions.</p>
<p>2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.</p>	<p>2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which <u>that</u> has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.</p>	<p>Similar. The 2006 Policy covers the exception from the Exclusion in the 1992 Policy. as Covered Risks 7 and 8. This change will avoid any doubt as to coverage for matters that were excepted from the Exclusions.</p>
<p>3. Defects, liens, encumbrances, adverse claims or other matters:</p>	<p>3. Defects, liens, encumbrances, adverse claims or other matters:</p>	<p>Same.</p>

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(a) created, suffered, assumed or agreed to by the Insured Claimant;	(a) created, suffered, assumed or agreed to by the insured claimant;	Same.
(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;	(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;	Same.
(c) resulting in no loss or damage to the Insured Claimant;	(c) resulting in no loss or damage to the insured claimant;	Same.
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or	(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material); or	Similar. The 2006 Policy refers to new Covered Risks 11 (Mechanic's Liens), 13 (Creditors' Rights), and 14 (Gap Coverage). The new Gap Coverage covers matters arising after Date of Policy and before recording. The Creditors' Rights Coverage may involve elements arising post-policy, and for that reason, among others, deletion of the Creditors' Rights Exclusion without issuance of the ALTA 21 Endorsement does not fully protect the insured.
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.	(e) resulting in loss or damage which—that would not have been sustained if the insured claimant had paid value for the insured mortgage.	Same.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.	4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.	Similar. The 2006 Policy refers only to the Insured because that defined term includes applicable successors.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth in lending law.	5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.	Same.
	6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the	Different. The 2006 Policy does not have a similar Exclusion. It is unnecessary, given the limits of Mechanic's Lien Covered Risk 11, and consequently, the coverage remains the same.

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

(Sources include the ALTA Forms Committee Comparison Chart)

<p align="center">New Texas Loan Policy (2006 ALTA Loan Policy as modified in Texas 5/1/08) ("2006 Policy")</p>	<p align="center">Prior Texas Mortgagee Policy (1992 ALTA Loan Policy as modified in Texas) ("1992 Policy")</p>	<p align="center">Comments</p>
	<p>insured has advanced or is obligated to advance or <u>constitutional mechanic's, contractor's or materialman's lien for labor or material having its inception subsequent to Date of Policy.</u></p>	
<p>6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is:</p> <p>(a) a fraudulent conveyance or fraudulent transfer; or</p> <p>(b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.</p>	<p>78. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar <u>other state or federal</u> creditors' rights laws, that is based on <u>either :</u></p> <p>—(ia)— the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; <u>or a voidable distribution or voidable dividend.</u></p> <p>—(bij)— the subordination <u>or recharacterization</u> of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or</p> <p>—(eiii)— the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure <u>of the Company or its issuing agent to :</u></p> <p>—(i)— to timely <u>file for</u> record the instrument of transfer <u>to the insured after delivery or the failure of such recordation ; or</u></p> <p>—(ii)— of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.</p>	<p>Similar. The 2006 Policy does not refer to equitable subordination, because that claim would be excluded as an act of the insured or as a post-policy matter. The 2006 Policy also includes Covered Risk 11 to insure as to matters formerly covered by the limits of the Exclusion 8 (which applies only to the current transaction) and insures against a preference claim because of recording errors or delays) and covered by the insurance against defects in titles. The 1992 Policy modified the ALTA Loan Policy Exclusion, but the 2006 Policy is the same as the new ALTA Loan Policy Exclusion.</p>
<p>7. 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 Insured Mortgage in the Public Records. This exclusion does not modify or limit the coverage provided under Covered Risk 11(b).</p>		<p>Different. The 2006 Policy provides new Gap Coverage (Covered Risk 14). The Gap Coverage will not include real estate taxes and assessments. This coverage is similar to the mandatory New York endorsement.</p>
<p><u>8. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.</u></p>	<p><u>7. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of unmarketability of the title.</u></p>	<p>The Texas Policies do not insure against unmarketability of the title. See Section 2502.002 Texas Insurance Code.</p>
<p align="center">SCHEDULE A</p>	<p align="center">SCHEDULE A</p>	

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

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Name and Address of Title Insurance Company:		Different. The 2006 Policy states the name of the title insurer. This addition will facilitate client identification of the title insurer, if the jacket is not attached.
[File No.:] Policy No.:	[File No.] Policy No.	
Loan No.:		New. This reference to the Loan Number appears in the Short Form Loan Policy.
[Address <u>for</u> reference <u>only</u> :]		New. This reference to the Address previously appears in the Short Form Loan Policy and the Homeowner's Policy of Title Insurance. It will aid the parties in identifying the transaction. If not known, it can be deleted or left blank.
Amount of Insurance: \$ [Premium: \$]	Amount of Insurance \$ Premium \$	Same.
Date of Policy: [at a.m./p.m.]	Date of Policy: [at a.m./p.m.]	Same. The 2006 Policy, however, also provides post-policy Gap Coverage.
1. Name of Insured:	1. Name of Insured:	Same.
2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:	2. The estate or interest in the land which that is insured as encumbered by the insured mortgage is:	The Policies do not represent the status of title.
3. Title is insured as vested in:	3. Title to the estate or interest in the land is insured as vested in:	Similar. "Title" is defined in Section 1(l) of the Conditions of the 2006 Policy. The Policies do not represent the status of title.
4. The Insured Mortgage, and its assignments, if any, are described as follows:	4. The insured mortgage and assignments thereof, if any, are described as follows:	Same.
5. The Land referred to in this policy is described as follows:	<p>{5. The land referred to in this policy is described as follows:}</p> <p>If Paragraph 5 is omitted, a Schedule C, captioned the same as Paragraph 5, must be used.</p>	Different. The 2006 Policy does not provide an option to refer to Schedule C.
<p>{6. This policy incorporates by reference those ALTA endorsements selected below:</p> <p><input type="checkbox"/> T-5 (Leasehold Mortgagee Policy Endorsement)</p> <p><input type="checkbox"/> T-17 (Planned Unit Development) The following subparagraphs of this endorsement are deleted:----</p>		New. The 2006 Policy allows optional incorporation of many Endorsements that do not require addition of substantial transaction specific information. The 2006 Policy does not prevent reference to other standard endorsements. This format is similar to the Short Form Loan Policy.

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<p><input type="checkbox"/> <u>T-19 (Restrictions, Encroachments, Minerals)</u> <u>The following subparagraph(s) of this endorsement are deleted:--</u></p> <p><input type="checkbox"/> <u>T-28 (Condominium)</u> <u>The following subparagraph(s) of this endorsement are deleted:</u></p> <p><input type="checkbox"/> <u>T-30 (Tax Deletion)</u></p> <p><input type="checkbox"/> <u>T-31 (Manufactured Housing) referring to manufactured housing unit serial number</u></p> <p><input type="checkbox"/> <u>T-31.1 (Supplemental Coverage Manufactured Housing Unit)</u></p> <p><input type="checkbox"/> <u>T-33 (Variable Rate)</u></p> <p><input type="checkbox"/> <u>T-33.1 (Variable Rate--Negative Amortization)</u></p> <p><input type="checkbox"/> <u>T-35 (Revolving Credit/Future Advance)</u></p> <p><input type="checkbox"/> <u>T-36 (Environmental Protection Lien)</u> <u>Paragraph b refers to the following state statute(s):</u></p> <p><input type="checkbox"/> <u>T-39 (Balloon Mortgage)</u></p> <p><input type="checkbox"/> <u>T-42 (Equity Loan Mortgage) and subparagraph 2 (f) of the Equity Loan Mortgage Endorsement set forth in Procedural Rule P-44.C(2) is is not added. The following subparagraph(s) of this endorsement are deleted:</u></p> <p><input type="checkbox"/> <u>T-42.1 (Supplemental Coverage Equity Loan Mortgage) The following subparagraph(s) of this endorsement are deleted: T-43 (Texas Reverse Mortgage) The following subparagraph(s) of this endorsement are deleted:]</u></p> <p><input type="checkbox"/> <u>Section 13 of the Conditions of this policy, which relates to Arbitration, is hereby deleted. The Company may insert or preprint all or part of paragraph 6 as applicable and may delete boxes or substitute lines for boxes.</u></p> <p><u>The Company also may substitute the following at the beginning of paragraph 6: "This policy incorporates by reference those endorsements shown below:"</u></p>		

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<p><input type="checkbox"/> 4.06 (Condominium)</p> <p><input type="checkbox"/> 4.1.06</p> <p><input type="checkbox"/> 5.06 (Planned Unit Development)</p> <p><input type="checkbox"/> 5.1.06</p> <p><input type="checkbox"/> 6.06 (Variable Rate)</p> <p><input type="checkbox"/> 6.2.06 (Variable Rate Negative Amortization)</p> <p><input type="checkbox"/> 8.1.06 (Environmental Protection Lien) Paragraph b refers to the following state statute(s):</p> <p><input type="checkbox"/> 9.06 (Restrictions, Encroachments, Minerals)</p> <p><input type="checkbox"/> 13.1.06 (Leasehold Loan)</p> <p><input type="checkbox"/> 14.06 (Future Advance Priority)</p> <p><input type="checkbox"/> 14.1.06 (Future Advance Knowledge)</p> <p><input type="checkbox"/> 14.3.06 (Future Advance Reverse Mortgage)</p> <p><input type="checkbox"/> 22.06 (Location) The type of improvement is a _____ and the street address is as shown above]</p>		
<p align="center">SCHEDULE B</p>	<p align="center">SCHEDULE B</p>	
<p>[File No.] Policy No.</p>	<p>[File No.] Policy No.</p>	
<p align="center">EXCEPTIONS FROM COVERAGE</p>	<p align="center">EXCEPTIONS FROM COVERAGE</p>	
<p>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 <u>the terms and conditions of leases and easements, if any, shown in Schedule A, and the following matters:</u></p>	<p>This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which <u>that</u> arise by reason of <u>the terms and conditions of the leases and easements, if any, shown in Schedule A, and the following matters:</u></p>	<p>Similar. The Policies do not refer to Schedule B – Part II, but except to the terms of insured leases and easements. There are suggested ALTA Standard Exceptions for the Loan Policy, but the ALTA Standard Exceptions are generally special exceptions. If the off-record general "Standard Exceptions" are deleted, "Extended Coverage" is given. Some of the Texas exceptions may be modified: paragraph 1 may be deleted (if no exception); paragraph 2 may be amended to read "shortages in area" (P-2); arbitration may be deleted (P-36); and express insurance may be given (P-39).</p>
<p>PART I. <u>The following restrictive covenants of record itemized below, but the Company insures that</u></p>	<p>PART I. <u>The following restrictive covenants of record itemized below, but the Company insures that</u></p>	<p>Same.</p>

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<p><u>any such restrictive covenants have not been violated so as to affect, and that future violation thereof will not affect, the validity or priority of the Insured Mortgage (insert specific recording data or delete this exception):</u></p>	<p><u>any such restrictive covenants have not been violated so as to affect, and that future violation thereof will not affect, the validity or priority of the mortgage hereby insured (insert specific recording data or delete this exception):</u></p>	
<p><u>2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.</u></p> <p><input type="checkbox"/> <u>Item 2 of Schedule 8 is hereby amended to read: "shortages in area".</u></p>	<p><u>2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.</u> [POLICY MAY INCLUDE REGIONAL EXCEPTIONS IF SO DESIRED BY ISSUING COMPANY] [VARIABLE EXCEPTIONS SUCH AS TAXES, EASEMENTS, CC & Rs, ETC.]</p>	<p>Same.</p>
<p><u>3. Standby fees, taxes and assessments by any taxing authority for the year , 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.</u></p> <p><input type="checkbox"/> <u>Item 3 of Schedule 8 is hereby amended to delete: "and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, "Item 3 of Schedule B is hereby to add the following: "Company insures that standby fees, taxes and assessments by any taxing authority for the year are not yet due and payable."</u></p>	<p><u>3. Standby fees, taxes and assessments by any taxing authority for the year , 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.</u> Note: If there are matters which affect the title to the estate or interest in the land described in Schedule [A][C], but which are subordinate to the lien of the insured mortgage, Part II of Schedule B must be added, or Part I of Schedule B must contain the following statement:</p>	<p>Different. The 2006 Policy allows incorporation of rollback tax coverage.</p> <p>Different. The 2006 Policy allows incorporation of rollback tax coverage.</p>
<p><u>4. Liens and leases that affect the Title, but that are subordinate to the lien of the Insured Mortgage.</u></p>	<p><u>4. Liens and leases that affect the title to the estate or interest, but that are subordinate to the lien of the insured mortgage.</u> "Matters which affect the title to the estate or interest, but which</p>	<p>Same.</p>

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	<p>are subordinate to the lien of the insured mortgage"</p>	
<p><u>5. (Insert here all other specific exceptions as to superior liens, easements, outstanding mineral and royalty interests, etc.)</u> PART II</p>	<p>PART II <u>(INSERT HERE ALL OTHER SPECIFIC EXCEPTIONS AS TO SUPERIOR LIENS, EASEMENTS, OUTSTANDING MINERAL AND ROYALTY INTERESTS, ETC.)</u></p>	<p>Same.</p>
<p><u>[The Company may substitute lines for boxes or delete the boxes and incorporate any applicable change to the exception above in the exception.]</u> In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:}]</p>	<p>In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule [A][C] is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest:</p>	<p>Different. The 2006 Policy allows incorporation by boxes or recitals.</p>
<p align="center">CONDITIONS</p>	<p align="center">CONDITIONS AND STIPULATIONS</p>	<p>Similar. The title no longer refers to "Stipulations," since that was viewed as verbiage.</p>
<p>1. DEFINITION OF TERMS.</p>	<p>1. DEFINITION OF TERMS.</p>	
<p>The following terms when used in this policy mean:</p>	<p>The following terms when used in this policy mean:</p>	<p>Same.</p>
<p>(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 of these Conditions.</p>		<p>New. This definition recognizes the bases for change in the Amount, including possible increases of 10% by Section 8(b) of the Conditions, and clarifies that the Amount of Insurance can decrease, such as by payment of a claim.</p>
<p>(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.</p>		<p>New. This is not a substantive change.</p>
<p>(c) "Entity": A corporation, partnership, trust, limited liability company or other similar legal entity.</p>		<p>New. This definition is necessary because of use of the term in Section 1(e) of Conditions.</p>
<p>(d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the Indebtedness is the sum of</p>	<p>Section 7(a)(ii), Conditions and Stipulations: 7. (a) The liability of the Company under this policy shall not exceed the least of: ... (ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time</p>	<p>New. This definition appears for the first time in ALTA Loan Policies, although the term has been used previously. The clarification provided by this definition expands the potential maximum amount of liability in numerous respects. The premise of the definition is that the obligation is secured by the mortgage, and the 2006 Policy does not insure the validity, priority, or enforceability of the lien of the insured mortgage for these post-policy advances. The insured should still secure a</p>

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	<p>the loss or damage insured against by this policy occurs, together with interest thereon; or</p>	<p>Texas Endorsement T-35, T-42, or T-43 , as applicable, (similar to ALTA Endorsement 14, 14.1, 14.2 or 14.3) in order to insure the lien of the Insured Mortgage for such Advances.</p>
<p>(i) the amount of the principal disbursed as of Date of Policy;</p>	<p>Section 2(c)(ii) Conditions and Stipulations: 2 (c) (ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	<p>Similar.</p>
<p>(ii) the amount of the principal disbursed subsequent to Date of Policy;</p>		<p>New. This change is significant and an important reason for cessation of selection of the 1970 Policy and the 1992 Policy. It expands the potential liability to include post-policy advances, for the first time, absent an endorsement and absent construction advances, and includes other post-policy advances that are secured by the insured mortgages. A Texas Endorsement T-35, T-42, or T-43, as applicable, (similar to ALTA 14 series (14, 14.1, 14.2, or 14.3) endorsement is still necessary to insure validity and priority of the insured mortgage for such advance.</p>
<p>(iii) construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance;</p>	<p>Section 8 (d), Conditions and Stipulations: 8. (d): The Company shall not be liable for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.</p>	<p>Similar. The 1992 Policy did include construction advances in the amount of the limit of liability.</p>
<p>(iv) interest on the loan;</p>	<p>Section 2 (c) (ii) Conditions and Stipulations: 2. (c) (ii): the amount of the principal of the indebtedness</p>	<p>Similar. The 1992 Policy did include interest in the amount of insurance.</p>

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	<p>secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	
<p>(v) the prepayment premiums, exit fees and other similar fees or penalties allowed by law;</p>		<p>New. The 1992 Policy did not include these (protective advance) fees in the amount of insurance.</p>
<p>(vi) the expenses of foreclosure and any other costs of enforcement;</p>	<p>Section 2 (c) (ii) Conditions and Stipulations: 2. (c) (ii): the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	<p>Similar. The 1992 Policy did include foreclosure costs but not others enforcement costs in the amount of insurance.</p>
<p>(vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before the acquisition of the estate or interest in the Title;</p>	<p>Section 2 (c) (ii) Conditions and Stipulations: 2. (c) (ii): the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	<p>Similar. The 1992 Policy did include these costs in the amount of insurance.</p>
<p>(viii) the amounts to pay taxes and insurance; and,</p>	<p>Section 2 (c) (ii) Conditions and Stipulations: 2. (c) (ii): the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured</p>	<p>New. The 1992 Policy did not explicitly include these (protective advance) costs in the amount of insurance.</p>

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	<p>thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	
<p>(ix) the reasonable amounts expended to prevent deterioration of improvements; but reduced by the total of all payments and by any amount forgiven by an Insured.</p>	<p>Section 2 (c) (ii) Conditions and Stipulations: 2. (c) (ii): the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p>	<p>Similar. These costs were included in the amount of insurance of the 1992 Policy.</p>
<p>(e) "Insured": The Insured named in Schedule A.</p>	<p>(a) "insured": the insured named in Schedule A. The term "insured" also includes:</p>	<p>Different. The 2006 Policy expands the definition of insured.</p>
<p>(i) The term "Insured" also includes: (A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;</p>	<p>(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);</p>	<p>Different . The 2006 Policy expands the definition to include a trustee or other fiduciary that owns the Indebtedness.</p>
<p>(B) <u>if the Indebtedness is evidenced by a "transferable record,"</u> the person or Entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;</p>		<p>New. The 2006 Policy recognizes the person who has control of a transferable record (as defined by E-Sign and UETA) as an insured. The Uniform Electronic Transactions Act (UETA) Commentary provides that "Under Section 16 [of UETA] acquisition of "control" over an electronic record serves as a substitute for "possession" in the paper analog. More precisely, "control" under Section 16 serves as the substitute for delivery, endorsement, and possession of a negotiable promissory note or negotiable document of title. Section 16(b) allows control to be found so long as "a system employed for evidencing the transfer of interests in the transferable record reliably establishes [the person claiming control] as the person to whom</p>

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<p align="center">New Texas Loan Policy (2006 ALTA Loan Policy as modified in Texas 5/1/08) ("2006 Policy")</p>	<p align="center">Prior Texas Mortgagee Policy (1992 ALTA Loan Policy as modified in Texas) ("1992 Policy")</p>	<p align="center">Comments</p>
		<p>the transferable record was issued or transferred." The key point is that a system, whether involving third party registry or technological safeguards, must be shown to reliably establish the identity of the person entitled to payment....Generally, the transferable record must be unique, identifiable, and except as specifically permitted, unalterable. That "authoritative copy" must (i) identify the person claiming control as the person to whom the record was issued or most recently transferred, (ii) be maintained by the person claiming control or its designee, and (iii) be unalterable except with the permission of the person claiming control. In addition any copy of the authoritative copy must be readily identifiable as a copy and all revisions must be readily identifiable as authorized or unauthorized. The control requirements may be satisfied through the use of a trusted third party registry system.... The lender implements a newly developed technological system which dates, encrypts, and stores all the electronic information in the transferable record in a manner which lender can demonstrate reliably establishes lender as the person to which the transferable record was issued. In the alternative, the lender may contract with a third party to act as a registry (e.g., MERS® eRegistry) for all such transferable records, retaining records establishing the party to whom the record was issued and all subsequent transfers of the record." Title insurers are expected to rely upon the MERS® eRegistry for identification of the person who controls a transferable record.</p>
<p>(C) successors to an Insured by dissolution, merger, consolidation, distribution or reorganization;</p>	<p>2. (a) After Acquisition of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.</p>	<p>New. The 2006 Policy incorporates the former "corporate successor" language of the 1992 Owner's Policy and expands it to expressly include various types of succession.</p>

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

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<p>(D) successors to an Insured by its conversion to another kind of Entity;</p>		<p>Different. For the first time, the 2006 Policy recognizes a successor by conversion as an insured.</p>
<p>(E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title:</p> <p>(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,</p> <p>(2) If the grantee wholly owns the named Insured, or</p> <p>(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.</p>	<p>2. (a) After Acquisition of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.</p>	<p>Different. These provisions are an expansion of the provisions of Section 2(a)(ii) of the Conditions of the 1992 Loan Policy. The grantee is not limited to a parent or subsidiary under the 2006 Policy, but can be another affiliate, and need not be a corporate entity.</p>
<p>(F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;</p>	<p>1. (a) (ii) any government agency or governmental instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part of it, whether named as an insured herein or not;</p>	<p>Same.</p>
	<p>(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.</p>	
<p>(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, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, or other matter insured against by this policy.</p>	<p>Section 1(a)(i) Conditions and Stipulations:</p> <p>1. (a) (i): the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);</p>	<p>Same. Each policy reserves defenses applicable to a prior insured under the policy, unless the new insured is a purchaser for value without knowledge.</p>

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

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<p>(f) "Insured Claimant": An Insured claiming loss or damage.</p>	<p>(b) "insured claimant": an insured claiming loss or damage.</p>	<p>Same.</p>
<p>(g) "Insured Mortgage": tThe Mortgage described in paragraph 4 of Schedule A.</p>		<p>New. This additional definition in the 2006 Policy is not a substantive change.</p>
<p>(h) "Knowledge" or "Known": aActual 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.</p>	<p>(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which-that may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.</p>	<p>Same.</p>
<p>(i) "Land": tThe 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.</p>	<p>(d) "land": the land described or referred to in Schedule {A}{C}, and improvements affixed thereto which-that by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule {A}{C}, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.</p>	<p>Same.</p>
<p>(j) "Mortgage": mMortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.</p>	<p>(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.</p>	<p>Similar. The 2006 Policy also recognizes electronically generated mortgages and the 2006 Loan Policy explicitly insures against invalidity of an insured mortgage because of electronic generation or electronic filing.</p>
<p>(k) "Public Records": rRecords 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.</p>	<p>(f) "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 Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.</p>	<p>Same. The 2006 Policy refers to new Covered Risk 5, because the former coverage was provided only as an exception to Exclusion 1(a).</p>
<p>(l) "Title": tThe estate or interest described in Schedule A.</p>		<p>New. The new defined term does not change substantive coverage.</p>
<p>(m) "Unmarketable Title": tTitle affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the</p>	<p>(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be</p>	<p>Different. The modified definition of Unmarketable Title is expanded to include the refusal of a lessee or lender to accept Title. The words "not excluded or excepted from coverage" were unnecessary because that limitation applies to all</p>

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<p>obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.</p>	<p>released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.</p>	<p>coverage. The Texas Policies do not insure marketability of title; such coverage is prohibited by Section 2502.002 Texas Insurance Code.</p>
	<p align="center"><u>(f) "access": legal right of access to the land and not the physical condition of access. The coverage provided as to access does not assure the adequacy of access for the use intended.</u></p>	<p>Different. The (Texas) 1992 Policy defined access.</p>
<p>2. CONTINUATION OF INSURANCE.</p>	<p>2. CONTINUATION OF INSURANCE.</p>	
<p>The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured after acquisition of the Title by an Insured or after conveyance by 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.</p>	<p>(a) After Acquisition of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of</p> <p>(i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage;</p> <p>(ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and</p> <p>(iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.</p> <p>(b) After Conveyance of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness 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 covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. 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 indebtedness secured by a purchase money mortgage given to the insured.</p> <p>(b) After Conveyance of Title. The coverage of this</p>	<p>Similar. The 2006 Policy expands the coverage by recognizing policy coverage if the insured acquires title, even if the transfer does not discharge the mortgage. The 2006 Policy also expands coverage to include warrantor liability, regardless of whether based on contractual or statutory covenants. Subsections 2(a)(ii) and 2(a)(iii) are unnecessary because already included in the definition of Insured in the 2006 Policy at Subsection 1(e).</p>

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	<p>policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness 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 covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. 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 indebtedness secured by a purchase money mortgage given to the insured.</p>	
	<p>(c) Amount of Insurance. The amount of insurance after the acquisition or after the conveyance shall in neither event exceed the least of:</p> <p>(i) the Amount of Insurance stated in Schedule A;</p> <p>(ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or</p> <p>(iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.</p>	<p>Similar. Although not repeated in the 2006 Policy, these limitations still apply because of the definition of Indebtedness.</p>
<p>3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.</p>	<p>3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.</p>	<p>Similar. The prejudice provision has been clarified in the 2006 Policy to more clearly provide that coverage is not affected by failure to provide prompt notice, unless the title insurer is prejudiced by failure of the insured to provide prompt notice.</p>
<p>The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) <u>below of these Conditions</u>, (ii) in case Knowledge shall come to an Insured of any claim of title or interest that is adverse to the Title or the lien of the Insured Mortgage, 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 or the lien of</p>	<p>The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) <u>below, or</u> (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which that is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which that might cause loss or damage for which</p>	<p>Similar.</p>

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<p>the Insured Mortgage, 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.</p>	<p>the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.</p>	
<p><u>Subject to the provisions of this policy, upon acquisition of all or any part of the Title pursuant to the provisions of Section 2 of these Conditions, when, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefore, issue to the Insured Claimant or to a subsequent owner,</u></p>	<p><u>Subject to the provisions of this policy, upon acquisition of all or any part of the estate or interest in the land pursuant to the provisions of Section 2 of these Conditions, when, after the Date of the Policy, the insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in title to the estate or interest in the land insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions:</u> <u>(i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the title to the estate as insured;</u> <u>(ii) indemnify the insured as provided in this policy;</u></p>	<p>Different. This language is provided pursuant to Section 2703.052 Texas Insurance Code.</p>

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<p><u>mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a mortgagee policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.</u></p>	<p><u>(iii) upon payment of appropriate premium and charges therefore, issue to the insured claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the property or, if a mortgagee policy, the amount of the loan;</u> <u>(iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect;</u> <u>(v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or</u> <u>(vi) undertake a combination of (i) through (v) herein.</u></p>	
<p>4. PROOF OF LOSS.</p>	<p>5. PROOF OF LOSS OR DAMAGE.</p>	
<p>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.</p>	<p>(First Paragraph) In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 91 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which 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. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, 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 proof of loss or damage.</p>	<p>Different. The 2006 Policy requires a Proof of Loss under more limited circumstances: only if requested by the Company, and only to the extent possible. The deadline in Texas of 91 days for furnishing the Proof of Loss and the effect of prejudice because of failure to provide Proof of Loss have been removed. The 2006 Policy also does not require that the Proof of Loss be sworn to. The 2006 Policy Conditions are intended to be more logically organized; consequently, various provisions such as Proof of Loss have been moved. The 1992 Policy required 91 day notice in order to comply with Section 16.071, Texas Civil Practices and Remedies Code.</p>

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<p>5. DEFENSE AND PROSECUTION OF ACTIONS.</p>	<p>4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.</p>	
<p>(a) Upon written request by the Insured, and subject to the options contained in Sections <u>3 and 7</u> 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.</p>	<p>(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, 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 adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter 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 and 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 which allege matters not insured against by this policy.</p>	<p>Same. The Texas Policies include in Section 3 alternative actions as provided in Section 2703.052, Texas Insurance Code.</p>
<p>(b) The Company shall have the right, in addition to the options contained in Sections <u>3 and 7</u> 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 or the lien of the Insured Mortgage, 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.</p>	<p>(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which—that in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, 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 hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.</p>	<p>Same. The Texas Policies include in Section 3 alternative actions as provided in Section 2703.052, Texas Insurance Code.</p>
<p>(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 from any adverse judgment or order. <u>When the Company has reasonable grounds to dispute coverage under this policy, the Company may reserve its rights to pay the claim and the costs of defense and seek reimbursement from the Insured for all amounts paid for which there was no</u></p>	<p>(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.</p>	<p>Different. The 2006 Policy, unlike the 2006 ALTA Policy contains a right of reimbursement that may comply with <i>Excess Underwriters at Lloyds v. Frank's Casing Crew Rental Tools, Inc., 2008 Tex. LEXIS 92, 51 Tex Sup. Ct. J. 397 (Tex.2008).</i></p>

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<p><u>coverage.</u></p>		
<p>6. DUTY OF INSURED CLAIMANT TO COOPERATE.</p>		
<p>(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, the lien of the Insured Mortgage, 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.</p>	<p>4. (d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company 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</p> <p>(i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and</p> <p>(ii) in any other lawful act which that in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, 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.</p>	<p>Similar. The 2006 Policy systematically organizes the provisions of the policy, consequently, the provisions relating to cooperation are placed in new Section 6.</p>

NEW TEXAS LOAN POLICY AND PRIOR TEXAS MORTGAGEE LOAN POLICY

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<p align="center">New Texas Loan Policy (2006 ALTA Loan Policy as modified in Texas 5/1/08) ("2006 Policy")</p>	<p align="center">Prior Texas Mortgagee Policy (1992 ALTA Loan Policy as modified in Texas) ("1992 Policy")</p>	<p align="center">Comments</p>
<p>(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.</p>	<p>5. (Second Paragraph) In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which 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 records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which 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 other reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.</p>	<p>Similar. The 2006 Policy is updated to refer to e-mails, discs, tapes, and videos.</p>
<p><u>(c) If the Insured demands that the Company accept a settlement offer that is not greater than the Amount of Insurance or if the Insured expressly agrees that a settlement offer should be accepted, the Company has a right to be reimbursed if it has timely asserted its reservation of rights and notified the Insured that it intends to seek reimbursement if it pays to settle or defend a claim that is not covered by the policy.</u></p>		<p>Different. The 2006 Policy, unlike the 2006 ALTA Policy contains a right of reimbursement that may comply with <i>Excess Underwriters at Lloyds v. Frank's Casing Crew Rental Tools, Inc., 2008 Tex. LEXIS 92, 51 Tex Sup.Ct. J. 397 (Tex.2008)</i>.</p>
<p>7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.</p>	<p>6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.</p>	<p>Similar. No substantive difference. The 2006 Policy does not require surrender of the policy upon tender of the Amount of Insurance. There is no right of the Company to purchase the</p>

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		<p>land (as opposed to the right to purchase the Indebtedness and Insured Mortgage) as salvage.</p>
<p>In case of a claim under this policy, the Company shall have the following additional options:</p>	<p>In case of a claim under this policy, the Company shall have the following additional options:</p>	
<p>(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.</p>	<p>(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.</p>	
<p>(i) 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; or</p>	<p>(i) 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, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or</p>	
<p>(ii) to purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.</p>	<p>(ii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.</p>	
<p>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.</p>	<p>If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefore.</p>	
<p>Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.</p>	<p>Upon the exercise by the Company of either of the options provided for in paragraphs a(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.</p>	
<p>(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.</p>	<p>(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.</p>	
<p>(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</p>	<p>(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, together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company up to the time of payment and</p>	

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<p>of payment and that the Company is obligated to pay; or</p>	<p>which the Company is obligated to pay; or</p>	
<p>(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.</p>	<p>(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 which were authorized by the Company up to the time of payment and which the Company is obligated to pay.</p>	
<p>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.</p>	<p>Upon the exercise by the Company of either of the options provided for in paragraphs 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.</p>	
<p>8. DETERMINATION AND EXTENT OF LIABILITY.</p>	<p>7. DETERMINATION AND EXTENT OF LIABILITY.</p>	<p>Similar. Both policies are contracts of Indemnity.</p>
<p>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.</p>	<p>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 and only to the extent herein described.</p>	<p>Similar. Both policies are contracts of Indemnity.</p>
<p>(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the least of:</p>	<p>(a) The liability of the Company under this policy shall not exceed the least of:</p>	<p>Similar. The Amount of Insurance is a defined term in the 2006 Policy and can fluctuate.</p>
<p>(i) the Amount of Insurance;</p>	<p>(i) the Amount of Insurance stated in Schedule A, of, if applicable, the amount of insurance as defined in Section 2(c) of these Conditions and Stipulations;</p>	<p>Similar. The Amount of Insurance is a defined term in the 2006 Policy and can fluctuate.</p>
<p>(ii) the Indebtedness;</p>	<p>(ii) the amount of the unpaid principal of the indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or</p>	<p>Different. The term Indebtedness is defined for the first time in Subsection 1(d) of the 2006 Policy and expands the maximum amount of liability.</p>

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<p>(iii) 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</p>	<p>(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy <u>at the date the insured Claimant is required to furnish to Company a proof of loss or damage in accordance with Section 5 of these Conditions and Stipulations.</u></p>	<p>Similar. The 2006 Policy more clearly refers to covered matters, such as access, and any other coverage in the insuring provisions or in an endorsement (based on the new language as to "the risk insured against")</p>
<p>(iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guaranty.</p>		
<p>(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured,</p>		<p>Different. This new provision in the 2006 Policy provides an increase in the amount of insurance if any remedy the Company pursues (such as litigation or release) is unsuccessful. The 10% increase can occur several times. The 2006 Policy, like the 1992 Policy, does not agree to pay carrying costs, during litigation. The insured can select the timing for calculation of loss and maximize its payment by choosing the better date for higher evaluations of values. However, this choice applies only if the Company pursues a remedy unsuccessfully.</p>
<p>(i) the Amount of Insurance shall be increased by 10%, and</p>		
<p>(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.</p>		
<p>(c) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.</p>	<p>7. (b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.</p>	<p>Same.</p>
<p>(d) In addition to the extent of liability under (a), (b) and (c), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.</p>	<p>7. (c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.</p>	<p>Same.</p>

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<p>9. LIMITATION OF LIABILITY.</p>	<p>8. LIMITATION OF LIABILITY.</p>	
<p>(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, or establishes the lien of the Insured Mortgage, all as insured, <u>or takes action in accordance with Section 3 or 7</u>, 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.</p>	<p>(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 unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, <u>or takes action in accordance with Section 3 or Section 6</u>, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.</p>	<p>Different. The last paragraph of Section 8 the 1992 Policy is not included in the 2006 Policy, and is superseded by the definition of Indebtedness. The 2006 Policy expands the recognition of Indebtedness considered in calculating the maximum amount of liability to include all post-policy principal advances, not simply construction advances, and other limited protective advances. The title insurer may cure the matter and thereby satisfy all of its obligations, without paying carrying costs during the handling of the claim.</p>
<p>(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 or to the lien of the Insured Mortgage, as insured.</p>	<p>(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 therefrom, adverse to the title or to the lien of the insured mortgage, as insured.</p>	<p>Same. If the title insurer successfully litigates, there is no further liability, such as for carrying costs.</p>
<p>(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.</p>	<p>(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.</p>	<p>Same. If the insured voluntarily settles a matter, there may be no further liability under the policy.</p>
	<p>(d) The Company shall not be liable for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.</p>	<p>Different. By deleting this paragraph and by including a broad definition of Indebtedness, the 2006 Policy expands possible liability. The insured should continue to secure a Texas Endorsement T-35, T-42, or T-43 (similar to ALTA 14, 14.1, 14.2, and 14.3) to insure validity and priority of the insured mortgage as security for future Advances.</p>
<p>10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.</p>	<p>9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.</p>	
<p>(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the</p>	<p>(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the</p>	<p>Same.</p>

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<p>Amount of Insurance by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.</p>	<p>amount of the insurance pro tanto. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.</p>	
	<p>(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.</p>	<p>Different. Section 9(b) of the 1992 Loan Policy has been deleted from the 2006 Policy, rendering the Last Dollar Endorsement (T-15) unnecessary. The Amount of Insurance can fluctuate because of the definition of Indebtedness.</p>
<p>(b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.</p>	<p>(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in Section 2(a) of these Conditions and Stipulations.</p>	<p>Same. If the insured voluntarily settles a matter, there may be no liability under the policy.</p>
	<p>10. LIABILITY NONCUMULATIVE.</p>	
	<p>If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay 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 hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.</p>	<p>Different. The 2006 Policy does not include a non-cumulative liability clause. This clause has been a source of criticism of Loan Policies, where issued to a junior lienholder, because the junior lienholder's coverage could be reduced by payment on a prior loan policy. Consequently, the insured subordinate lienholder might not be compensated because of this provision in the 1992 Policy. The Noncumulative Liability Clause remains in the 2006 Owner's Policy.</p>
<p>11. PAYMENT OF LOSS.</p>	<p>11. PAYMENT OF LOSS.</p>	<p>Same.</p>
	<p>(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or</p>	<p>Different. The 2006 Policy no longer requires production of the policy in event of a claim.</p>

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	<p>destruction shall be furnished to the satisfaction of the Company.</p>	
<p>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.</p>	<p>(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.</p>	<p>Same. In some states, payment is required more promptly by regulation or law. For example, Texas Claims Handling Principles and Procedures Paragraph III. D requires payment within 10 days (excluding Saturdays, Sundays, or legal holidays) after liability and the extent of loss are finally fixed.</p>
<p>12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.</p>	<p>12. SUBROGATION UPON PAYMENT OR SETTLEMENT.</p>	
<p>(a) The Company's Right to Recover.</p>	<p>(a) The Company's Right of Subrogation.</p>	
<p>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 or Insured Mortgage 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.</p>	<p>Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.</p> <p>The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. 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 or remedies.</p>	<p>Similar. There is no substantive change intended in the 2006 Policy. The insured must cooperate in transferring rights to which the title insurer is subrogated. Subrogation is not conditioned on execution by the insured of an assignment.</p>
<p>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.</p>	<p>If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.</p>	<p>Similar. The 2006 Policy, which is more favorable to the insured, clarifies that the title insurer's subrogation rights are deferred until the insured fully recovers.</p>

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<p>(b) The Insured's Rights and Limitations.</p> <p>(i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.</p>	<p>(b) The Insured's Rights and Limitations.</p> <p>Notwithstanding the foregoing, the owner of the indebtedness secured by the insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.</p>	<p>Same. The insured is given broad flexibility in modifying the insured mortgage and loan documents, so long as it does not affect the enforceability or priority of the lien of the insured mortgage.</p>
<p>(ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.</p>	<p>When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.</p>	
<p>(c) The Company's Rights Against Non-insured Obligors.</p>	<p>(c) The Company's Rights Against Non-insured Obligors.</p>	
<p>The Company's right of subrogation includes the Insured's rights against non-insured obligors including 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.</p>	<p>The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.</p>	<p>Same. Both policies provide that the insurer may recover against non-insured obligors, such as mortgage insurers.</p>
<p>The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an Insured under this policy.</p>	<p>The Company's right of subrogation shall not be avoided by acquisition of the insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.</p>	
<p>13. ARBITRATION.</p>	<p>13. ARBITRATION.</p>	

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<p>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, <u>unless the Insured is an individual person (as distinguished from an Entity)</u>. 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.</p>	<p>Unless prohibited by applicable law, <u>or unless this arbitration section is deleted by specific provision in Schedule B of this policy</u>, 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, any 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 SHALL BE arbitrated at the option request of either the Company or the insured, <u>unless the Insured is an individual person (as distinguished from a corporation, trust, partnership, association or other legal entity)</u>. 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 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.</p>	<p>Similar. The 2006 Policy refers to ALTA Title Insurance Arbitration Rules and increases the amount of insurance subject to binding arbitration to \$2,000,000. The new Arbitration Rules are effective January 1, 2006 and incorporate some provisions of the Code of Procedure of the National Arbitration Forum (the new administrator of arbitrations) Rules, which provide that lower amounts will generally be paid by the insured for the cost of the arbitration proceeding. Arbitration will not be consolidated or include class actions unless agreed. The Rules applied shall be those in effect at time of arbitration, unless otherwise agreed at the time of arbitration. The Title Insurance Arbitration Rules are found at www.alta.org/standards/arbitration 1.1.06.cfm. The Texas policies do not provide for mandatory arbitration of the Insured as an individual.</p> <p>Procedural Rule P-36 authorizes deletion of the arbitration clause.</p>
	<p>The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.</p>	
	<p>A copy of the Rules may be obtained from the Company upon request.</p>	
<p>14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.</p>	<p>14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.</p>	
<p>(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.</p>	<p>(a) This policy together with all endorsements, if any, attached hereto 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.</p>	<p>Similar. The provisions of Section 14(a), (b), and (c) are substantially the same as Section 14 of the 1992 Policy.</p>
<p>(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured Mortgage or by any</p>	<p>(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the</p>	<p>The policies waive liability for negligence to the extent allowed by law. Separate tort liability for negligent examination is</p>

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<p>action asserting such claim, shall be restricted to this policy.</p>	<p>insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.</p>	<p>recognized in some cases in a minority of states.</p>
<p>(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.</p>	<p>(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.</p>	<p>Similar. The 2006 Policy, like the Short Form Loan Policy, provides for optional incorporation of endorsements referenced in Schedule A.</p>
<p>(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.</p>		<p>New. Subsection 14(d) of the 2006 Policy is new, but reflects the appropriate effect of any endorsement issued to a policy, regardless of whether the endorsement refers to the terms of the policy. Any endorsement, properly construed, should be subject to the terms of the policy, except as it provides otherwise.</p>
<p><u>Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.</u></p>		
<p>15. SEVERABILITY.</p>	<p>15. SEVERABILITY.</p>	
<p>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 and all other provisions shall remain in full force and effect.</p>	<p>In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.</p>	<p>Same. The 2006 Policy more clearly defines severability so that it applies if only a portion of a provision, which is not defined, is invalid.</p>
<p>16. CHOICE OF LAW; FORUM.</p>		
<p>(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</p>		<p>New. This clause was viewed as necessary because of the varied locations of parties and because of multistate transactions. The 2006 Policy applies the only likely and reasonable result: the laws of the state of location of the Land</p>

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<p>interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.</p>		<p>apply in construing the 2006 Policy.</p>
<p>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 or the lien of the Insured Mortgage that are adverse to the Insured, and to interpret and enforce in interpreting and enforcing the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.</p>		
<p>(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.</p>		<p>New. Given the ever widening locations and domiciles of parties and transactions, it was viewed as appropriate to clarify that proceedings must occur in the U.S.</p>
<p>17. NOTICES, WHERE SENT.</p>	<p>16. NOTICES, WHERE SENT.</p>	
<p>Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at [fill in].</p>	<p>All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at (fill in insert proper address).</p>	<p>Same.</p>
<p>NOTE: Bracketed [] material optional</p>	<p>NOTE: Bracketed [] material</p>	
	<p>COMPLAINT NOTICE</p>	
	<p>Should any dispute arise about your premium or about a claim that you have filed, contact the agent or write to the Company that issued the policy. If the problem is not resolved, you also may write the Texas Department of Insurance, P.O. Box 149091, Austin, TX 78714-9091, Fax No. (512) 475-1771. This notice of complaint is for information only and does not become a part or condition of this policy</p>	