

COMMITMENT FOR TITLE INSURANCE T-7

ISSUED BY

ALLIANT NATIONAL TITLE INSURANCE COMPANY

SCHEDULE A

Effective Date: **October 3, 2018, 8:00 am**

GF No. **1815727**

Commitment issued **October 12, 2018, 8:00 am**

1. The policy or policies to be issued are:
 - a. OWNER'S POLICY OF TITLE INSURANCE (Form T-1)
(Not applicable for improved one-to-four family residential real estate)
Policy Amount: **TBD**
PROPOSED INSURED: **TBD**
 - b. TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
Policy Amount:
PROPOSED INSURED:
 - c. LOAN POLICY OF TITLE INSURANCE (Form T-2)
Policy Amount:
PROPOSED INSURED:
Proposed Borrower:
 - d. TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE (Form T-2R)
Policy Amount:
PROPOSED INSURED:
Proposed Borrower:
 - e. LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
Binder Amount:
PROPOSED INSURED:
Proposed Borrower:
 - f. OTHER
Policy Amount:
PROPOSED INSURED:
2. The interest in the land covered by this Commitment is: **Fee Simple**
3. Record title to the land on the Effective Date appears to be vested in:
Joe C. Hutchison and wife, Judy K. Hutchison
4. Legal description of land:
 - Tract 1:**
The North one-half (N/2) of Section 9, Block C-2, CCSD & RGNG Ry. Co. Survey, in Gray County, Texas, Certificate 64, Abstract No. 503, Patent 21, Volume 42, dated March 5, 1878.
 - Tract 2.**
The North one-half (N/2) of Section 10, Block C-2, CCSD & RGNG Ry. Co. Survey, in Gray County, Texas, Certificate 64, Abstract No. 816, Patent 489, Volume 55, dated May 25, 1918.

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SCHEDULE B

EXCEPTIONS FROM COVERAGE

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

1. ~~The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):~~
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner's Policy only.)
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.(Applies to the Owner's Policy only.)
5. Standby fees, taxes and assessments by any taxing authority for the year **2018**, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Loan Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year _____ and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Loan Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Loan Policy (T-2) only.)
9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Loan Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Loan Policy of Title Insurance (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy of Title Insurance (T-2R).

10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

Tract 1: Section 9

- a. **Right of way dated February 19, 1929, to The Texas Pipe Line Company, recorded in Volume 291, page 303, Deed Records of Gray County, Texas.**
 - b. **Right of way dated February 28, 2018, to Southwestern Pubic Service Company, recorded in Volume 435, page 88, Deed Records of Gray County, Texas.**
 - c. **Warranty Deed dated February 1, 1908, recorded in Volume 9, page 587, Deed Records of Gray County, Texas, the Grantor, John W. McKinnon, reserved a 1/4 interest in the coal, oil, gas, minerals or liquid substance of commercial value ever found in said land, and no statute of limitation shall ever run against his right to this. (Title not researched subsequent to original reservation)**
 - d. **Royalty Deed dated November 1, 1927, John W. McKinnon to J. F. Wellington, recorded in Volume 37, page 239, Deed Records of Gray County, Texas. (Title not researched subsequent to original reservation)**
 - e. **Royalty Deed dated December 14, 1962, from J. W. McKinnon, et al to Murray F. Gill, recorded in Volume 258, page 340, Deed Records of Gray County, Texas. (Title not researched subsequent to original reservation)**
 - f. **Warranty Deed dated December 1, 1972, to Douglas Shelton and wife, Nancy Shelton, recorded in Volume 345, page 4, Deed records of Gray County, Texas, Grantors reserved an undivided 19/315 of all of the oil, gas and other minerals. and Grantee received an undivided 1/4 of all of the oil, gas and other minerals.**
 - g. **Warranty Deed dated april 13, 2000, to Joe Hutchison and wife, Judy Hutchison, recorded in Volume 759, page 70, Real Estate Records of Gray County, Texas, Grantors reserved an undivided 3/4ths interest in the oil, gas and other minerals, and convey to Grantee, an undivided 1/4th interest in the mineral estate.**
- other

Tract 2: Section 10

- h. **Right of way dated November 12, 1932, to State of Texas, recorded in Volume 57, page 544, Deed Records of Gray County, Texas, being the West 50 feet of said of said Section.**
- i. **Right of way dated May 20, 1938, to Southwestern Public Service Company, recorded in Volume 75, page 394, Deed Records of Gray County, Texas.**
- j. **Easement and Right of Way dated October 30, 1946, to Southwestern Public Service Company, recorded in Volume 108, page 15, Deed Records of Gray County, Texas.**
- k. **Easement dated December 20, 1946, to Southwestern Public Service Company, recorded in Volume 108, page 420, Deed records of Gray County, Texas.**
- l. **Right of way dated April 18, 1949, to Southwestern Public Service Company, recorded in Volume 123, page 452, Deed Records of Gray County, Texas.**
- m. **Right of Way dated November 26, 1952, to Southwestern Bell Telephone Company, recorded in Volume 152, page 191, Deed Records of Gray County, Texas.**
- n. **Right of Way dated July 22, 1970, to State of Texas, recorded in Volume 327, page 236, Deed Records of Gray County, Texas.**
- o. **Right of way dated January 13, 1971, to Southwestern Public Service Company, recorded in Volume 330,**

page 319, Deed Records of Gray County, Texas.

- p. Utility Easement dated July 27, 2011, to Southwestern Public Service Company, recorded in Volume 943, page 457, Official Public Records of Gray County, Texas.
- q. Warranty Deed dated December 12, 1972, to Douglas Shelton and wife, Nancy Shelton, recorded in Volume 345, page 4, Deed records of Gray County, Texas, Grantors reserved an undivided 19/210 of all of the oil, gas and other minerals. and Grantee received an undivided 1/4 of all of the oil, gas and other minerals.
- r. Warranty Deed dated april 13, 2000, to Joe Hutchison and wife, Judy Hutchison, recorded in Volume 759, page 70 Real Estate Records of Gray County, Texas, Grantors reserved an undivided 3/4ths interest in the oil, gas and other minerals, and convey to Grantee, an undivided 1/4th interest in the mineral estate.

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SCHEDULE C

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

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.
2. Satisfactory evidence must be provided that:
 - a. no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,
 - b. all standby fees, taxes, assessments and charges against the property have been paid,
 - c. all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, sub-contractors, laborers and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,
 - d. there is legal right of access to and from the land,
 - e. (on a Loan Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.
3. You must pay the seller or borrower the agreed amount for your property or interest.
4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.
5. **Real Estate Deed of Trust dated October 10, 2012, to Capital Farm Credit, FLCA, securing the payment of a note in the principal sum of \$77,110.00, filed for record October 26, 2012, recorded in Volume 965, page 412, Official Public Records of Gray County, Texas (Section 10)**
6. **Deed of Trust dated February 18, 2016, to Capital Farm Credit, FLCA, securing a note in the Principal sum of \$771,000.00, filed for record February 19, 2016, Instrument No. 208620.**
7. **Deed of Trust dated February 18, 2016, to Capital Farm Credit, FLCA, securing a note in the principal sum of \$291,000.00, filed for record February 29, 2016, Instrument No, 208695.**
8. **Deed of Trust dated February 18, 2016, to Capital Farm Credit, FLCA, securing a note in the principal sum of \$150,000.00, filed February 29, 2016, Instrument No. 208696.**
9. **Deed of Trust dated February 18, 2016, to Capital Farm Credit, FLCA, securing a note in the principal sum of \$100,000.00, filed February 29, 2016, Instrument No. 208697.**

Countersigned
Gray County Title Co., Inc.

By ___/s/ Edith Hill
Authorized Signature

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SCHEDULE D

GF No. **1815727**

Effective Date: **October 3, 2018, 8:00 am**

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

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

*Robert J. Grubb, President and Chief Executive Officer	*John R. Baumgart
Robert Scott Hendrickson, Treasurer and Chief Financial Officer	*Ed Haselden
Phyllis J. Mulder, Secretary and Chief Legal Officer	*James C. Martin
*David D. Ginger	*James O. Hutcheson
	*Bruce Williamson

*indicates Director

Agent Investors Group of America, LLC, owns 100% of the stock of Alliant National Title Insurance Company, Inc. and Mt. Audubon Associates and John R. Baumgart each own ten percent or more of Agents Investors Group of America, LLC.

2. As to. Gray County Title Co.,Inc. (Title Insurance Agent), the following disclosures are made:

If Agent is a corporation, the shareholders owning or controlling, directly or indirectly 1% or more of the shares of Agent as of the last day of the year preceding the date hereinabove set forth are as follows (or owning or controlling 10% or more of an entity that owns 1% or more of the Agent) William M. Arrington - 2% and William L. Arrington Revocable Trust dated October 30, 2013 - 98%

Individuals, firms, partnerships, associations, corporations, trusts or other entities owning 10% or more of those entities referred to in item no. B-1 hereinabove as of the last day of the year preceding the date hereinabove set forth are as follows:

If Undersigned Agent is a corporation, the following is a list of the members of the Board of Directors, as of the last day of the year preceding the date hereinabove set forth. William M. Arrington, William L. Arrington, II, Elizabeth Arrington Holland, Edith Hill

If the Agent is a corporation, the names of any directors, president, executive or senior vice president, secretary and treasurer if any of the Title Insurance Agent are as follows: President: William M. Arrington; Vice President: William L. Arrington II, Secretary: Edith Hill; Treasurer: Elizabeth Arrington Holland; On Site Manager: Edith Hill

3. You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving a portion of the premium from the settlement of this transaction will be disclosed on the closing or settlement statement.

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

Owner's Policy	TBD
Loan Policy	\$0.00
Endorsement Charges	\$0.00
Other	\$0.00
Total	\$0.00

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

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

COMMITMENT FOR TITLE INSURANCE (Form T-7)

TEXAS TITLE INSURANCE INFORMATION

Title insurance insures you against loss resulting from certain risks to your title.

The commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy. The commitment is a legal document. You should review it carefully to completely understand it before your closing date.

El seguro de título le asegura en relación a pérdidas resultantes de ciertos riesgos que pueden afectar el título de su propiedad.

El Compromiso para Seguro de Título es la promesa de la compañía aseguradora de títulos de emitir la póliza de seguro de título. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y entenderlo completamente antes de la fecha para finalizar su transacción.

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

Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the Title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the Policy as Exclusions. These risks will not be covered by the Policy. The Policy is not an abstract of title nor does a Company have an obligation to determine the ownership of any mineral interest.

- **MINERALS AND MINERAL RIGHTS** may not be covered by the Policy. The Company may be unwilling to insure title unless there is an exclusion or an exception as to Minerals and Mineral Rights in the Policy. Optional endorsements insuring certain risks involving minerals, and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings may be available for purchase. If the title insurer issues the title policy with an exclusion or exception to the minerals and mineral rights, neither this Policy, nor the optional endorsements, ensure that the purchaser has title to the mineral rights related to the surface estate.

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

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

- **EXCEPTIONS** are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.

- **EXCLUSIONS** are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.

- **CONDITIONS** are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Title Insurance Company at 800-729-1900 or by calling the title insurance agent that issued the Commitment. The Texas Department of Insurance may revise the policy form from time to time.

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

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

- Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey and comply with other requirements of the Company. On the Owner's Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company and if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.

- Allow the Company to add an exception to "rights of parties in possession." If you refuse this exception, the Company or the title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The Company may charge you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

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

