



First American Title

**Texas Residential Owner's Policy of
Title Insurance One-to-Four Family Residences
(T-1R)**

ISSUED BY

First American Title Insurance Company

POLICY NUMBER

R1521877

Owner's Policy

Your Title Insurance Policy is a legal contract between you and First American Title Insurance Company. This policy is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or to take other action if you have a loss resulting from a covered title risk.

It applies only to an improved one to-four family residential property or condominium unit. If your land is not either of these, contact us immediately.

Su Póliza de Seguro de Título es un contrato legal entre usted y First American Title Insurance Company. Esta póliza no es una opinión o reporte en relación a su título de propiedad. Es un contrato de indemnificación, esto es, la promesa de reembolsarle o de tomar cualquier otro tipo de acción si usted sufre una pérdida como resultado de cualquier riesgo cubierto por la póliza.

Esta forma de póliza ha sido designada para ser utilizada exclusivamente en los casos de propiedades en las cuales hay construidas viviendas para no más de cuatro familias o en los casos de unidades en condominios. Si su propiedad no es ninguna de las anteriores, por favor, notifiquenos inmediatamente.

We insure you against certain risks to your land title. We list these risks on page 2. The following limit your coverage:

Exclusions on page 3.

Exceptions on Schedule B.

Conditions on pages 3-4.

You should keep the policy even if you transfer the title to your land. If you want to make a claim, see Section 3 under Conditions on page 4.

You do not owe any more premiums for the Policy.

This sheet is not your insurance Policy. It is only a brief outline of some of the important Policy features.

The Policy explains in detail your rights and obligations and our rights and obligations. The Policy -- and not this sheet -- is the legal document. **YOU SHOULD READ THE POLICY VERY CAREFULLY.**

THE TOLL-FREE NUMBER OF FIRST AMERICAN TITLE INSURANCE COMPANY IS 888-632-1642. YOU MAY CALL THIS NUMBER TO DISCUSS THIS POLICY OR TO MAKE A COMPLAINT. YOU MAY WRITE TO FIRST AMERICAN TITLE INSURANCE COMPANY AT THE ADDRESS IN SECTION 3 UNDER CONDITIONS ON PAGE 3.

TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE ONE-TO-FOUR FAMILY RESIDENCES

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EXHIBIT

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OWNER'S COVERAGE STATEMENT

This Policy insures your title to the land described in Schedule A -- if that land is a one-to-four family residential property or condominium unit.

Your insurance, as described in this Coverage Statement, is effective on the Policy Date shown in Schedule A.

This document is title insurance. It is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or take other action if you have a loss resulting from a covered title risk.

Your insurance under this contract is limited to the following:

- Exclusions on page 3.
- Exceptions on Schedule B, page ____.
- Conditions on pages 3-5.

We insure you against actual loss resulting from:

- Any title risks covered by this Policy -- up to the Policy Amount, and
- Any costs, attorneys' fees and expenses we have to pay under this Policy. We must approve the attorney before the attorney begins to work. You have the right to disapprove our choice of attorney for reasonable cause.

COVERED TITLE RISKS

This Policy covers the following title risks subject to the Exceptions (insert) and Exclusions (p. 3), if they affect your title to the land on the Policy Date. We do not promise that there are no covered risks. We do insure you if there are covered title risks.

1. Someone else owns an interest in your title.
2. A document is invalid because of improper signature, acknowledgment, delivery, or recording.
3. A document is invalid because of forgery, fraud, duress, incompetency, incapacity or impersonation.
4. Restrictive covenants apply to your title.
5. There is a lien on your title because of:
 - a mortgage or deed of trust,
 - a judgment, tax, or special assessment, or charge by a homeowner's or condominium association.
6. There are liens on your title for labor and material which have their inception before the policy date. However, we will not cover liens for labor and material that you agreed to pay for.
7. Others have rights in your title arising out of leases, contracts or options.
8. Someone else has an easement on your land.
9. You do not have good and indefeasible title.
10. There are other defects in your title.
11. There are other liens or encumbrances on your title.

This Policy also covers the following title risk: You do not have any legal right of access to and from the land.

In Witness Whereof, First American Title Insurance Company has caused its corporate name to be hereunto affixed by its authorized officers as of Date of Policy shown in Schedule A.

First American Title Insurance Company



Dennis J. Gilmore

Dennis J. Gilmore
President

Timothy Kemp

Timothy Kemp
Secretary

(This Policy is valid only when Schedules A and B are attached)

This jacket was created electronically and constitutes an original document

OUR DUTY TO DEFEND AGAINST COURT CASES

We will defend your title in the part or parts of a court case involving a Title Risk covered by this Policy.

We will pay the costs, attorneys' fees, and expenses that we incur in that defense. We will not pay for the parts of a case not involving a covered title risk. You may disapprove our choice of attorney for reasonable cause.

We can end this duty to defend your title by exercising any of our options listed in Item 4 of the Conditions, see page 4.

This Policy is not complete without Schedules A and B.

EXCLUSIONS

In addition to the Exception in Schedule B, we do not insure you against loss, costs, attorneys' fees, and expenses resulting from these Exclusions:

1. We do not cover loss caused by the exercise of governmental police power or the enforcement or violation of any law or government regulation. This includes building and zoning ordinances and laws and regulations concerning:

- a. Land use
- b. Improvements on the land
- c. Land division
- d. Environmental protection

This exclusion does not apply to notices of violations or notices of enforcement that appear in the public records at Policy Date. However, there may be an Exception in Schedule B.

2. We do not cover the right to take the land by condemning it, unless:
 - a. a notice of exercise of the right appears in the public records on the Policy Date, or
 - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. We do not cover title risks:
 - a. that are created, allowed, or agreed to by you,
 - b. that are known to you, but not to us on the Policy Date unless they appeared in the public records,
 - c. that result in no loss to you, or
 - d. that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 6 of the Covered Title Risks.

4. We do not cover the effect of failure to pay value for your title.
5. We do not cover lack of a right:
 - a. to any land outside the area specifically described and referred to in Item 3 of Schedule A,
 - b. in streets, alleys, or waterways that touch your land.

This exclusion does not limit the access coverage in the Covered Title Risks.

6. We do not cover any claim based upon allegations that your purchase of title (or acquisition of title by gift or otherwise):
 - a. was a fraudulent conveyance, fraudulent transfer, voidable distribution, or voidable dividend;
 - b. should be subordinated or recharacterized as a result of equitable subordination;
 - c. was a preferential transfer unless
 - (1) the Company or its issuing agent failed to timely file for record the deed to you after delivery or
 - (2) the recordation of the deed to you is not legal record notice.(We do cover the two types of claims described in c. (1) and c. (2) above.)
7. We do not cover the refusal of any person to buy, lease or lend money on your land because of unmarketability of the title.
8. We do not cover claims concerning the physical condition of your land or of the access to your land.

CONDITIONS

1. DEFINITIONS

- a. Actual Loss. This is the difference between the value of your land without the covered title risk and the value of your land with the covered title risk. These values are the respective values at the time you must furnish proof of your loss.
- b. Document. A deed or other conveyance of title to you or a prior owner.
- c. Easement. A portion of your land someone else has the right to use for a special purpose.
- d. Government Regulation. Any federal, state, or local law, constitutional provision, regulation, ordinance, or guideline.
- e. Land. The land or condominium unit described in Schedule A and any improvements on the land that are real property.

- f. Knowledge or known. Actual knowledge, not constructive knowledge or notice that may be imputed to an insured by the public records.
- g. Mortgage. A type of lien on the land such as a deed of trust or other security instrument.
- h. Public Records. Those records required by Texas law and maintained by public officials in the county where the property is located that give legal notice of matters affecting your title.
- i. Title. The ownership interest in the land, as shown in Schedule A.
- j. We, us or our. The title insurance company. This is First American Title Insurance Company.
- k. You, your. The insured.

CONDITIONS (Continued)

2. CONTINUATION OF COVERAGE

We insure you as long as you:

- a. own your Title,
- b. own a mortgage from anyone who buys your Title, or
- c. are liable for any Title warranties you make.

We insure anyone who receives your title because of your death.

We do not insure your transferee or assignee.

3. YOUR DUTIES IF YOU MAKE A CLAIM

You must follow this process to make a claim:

a. You Must Give Us Notice Of Your Claim

If anyone claims a right against your insured title, you must notify us promptly.

Send the notice to First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 or call 1-888-632-1642 and ask for a claims attorney. If you initially notify us by phone, we recommend that you also notify us in writing. Please include the Policy number shown in Schedule A, and the county where the land is.

Our obligation to you is reduced or ended if:

- (1) you fail to give prompt notice, and
- (2) your failure affects our ability to dispose of or to defend you against the claim.

Our obligation is reduced only to the extent that your failure affects our ability to dispose of or to defend you against the claim.

b. You Must Give Us Proof of Your Loss if We Request It

You must send to us, if we request, your signed proof of loss within 91 days of our request on a standard form supplied by us. Within 15 days after we receive your notice of claim, we must request a signed proof of loss. If not, we waive our right to require a proof of loss. This waiver will not waive our other rights under the policy. The statement must have the following information to the best of your knowledge:

- (1) the Covered Title Risks which resulted in your loss,
- (2) the dollar amount of your loss, and
- (3) the method you used to compute the amount of your loss.

c. You Must Provide Papers We Request.

We may require you to show us your records, checks, letters, contracts, and other papers that relate to your claim of loss. We may make copies of these papers.

If you tell us this information is confidential, we will not disclose it to anyone else unless we reasonably believe the disclosure is necessary to administer the claim.

d. You Must Answer Questions Under Oath.

We may require you to answer questions under oath.

e. Effect of Failure to Cooperate.

Our obligation to you reduces or ends if you fail or refuse to:

- (1) (a) provide a statement of loss,
(b) answer our questions under oath, or
(c) show us the papers we request, and
- (2) your failure or refusal affects our ability to dispose of or to defend you against the claim.

4. OUR CHOICES WHEN YOU NOTIFY US OF A CLAIM

a. After we receive your claim notice or in any other way learn of a matter for which we are liable, we can do one or more of the following:

- (1) Pay the claim against your title.
- (2) Negotiate a settlement.
- (3) Prosecute or defend a court case related to the claim.
- (4) Pay you the amount required by this Policy.
- (5) Take other action under Section 4b.
- (6) Cancel this policy by paying the Policy Amount, then in force, and only those costs, attorneys' fees and expenses incurred up to that time that we are obligated to pay.

We can choose which of these to do.

b. If you report to us that a covered title risk exists, we will promptly investigate to determine if that covered title risk is valid and not barred by law or statute. A covered title risk is a title risk that this Policy does not exclude or except.

If we conclude that your claim, or any part of your claim, is covered by the policy, we will take one or more of the following actions to the extent that it is covered:

- (1) Institute all necessary legal proceedings to clear the title to the property;
- (2) Indemnify you pursuant to the terms of the policy;
- (3) Issue a new title policy without making exception to the covered title risk. If another insurer issues the new title policy to your purchaser, lender or other transferee without making exception to the covered title risk, we will indemnify the other insurer.
- (4) Secure a release of the covered title risk.

c. If we deny your claim, or any part of your claim, not more than 15 days after we deny the claim, we will:

- (1) notify you in writing, and
- (2) give you the reasons for denial of your claim in writing.

5. HANDLING A CLAIM OR COURT CASE

You must cooperate with us in handling any claim or court case and give us all relevant information.

We must repay you only for those settlement costs, attorneys' fees and expenses that we approve in advance.

When we defend or sue to clear your title, we have a right to choose the attorney. You have the right to disapprove our choice of attorney for reasonable cause. We can appeal any decision to the highest court. We do not have to pay your claim until your case is finally decided. We do not agree that the matter is a covered title risk by defending.

CONDITIONS (Continued)

6. LIMITATIONS OF OUR LIABILITY

Our liability is limited by the following:

- a. We will pay up to your actual loss or the Policy Amount in force when the claim is made -- whichever is less.
- b. If we remove the claim against your title with reasonable diligence or take other action under this policy after receiving notice of it, we will have no further liability for it.
- c. All payments we make under this policy -- except for costs attorneys' fees and expenses -- will be subtracted from your Policy Amount.
- d. If the Covered Title Risk is an easement, we may pay an insured mortgage holder instead of paying you when a written agreement between you and the mortgage holder allows. If the claim involves another Covered Title Risk, we may pay the mortgage holder instead of paying you. The amount paid to the mortgage holder is considered a payment to you under your policy and will be subtracted from your policy amount.
- e. If you do anything to affect any right of recovery or defense you may have, we can subtract from our liability the amount by which you reduced the value of that right or defense. But we must add back to our liability any amount by which our expenses are reduced as a result of your action.

7. TRANSFER OF YOUR RIGHTS

When we settle a claim, we have all the rights you had against any person or property related to the claim. You must transfer these rights to us when we ask, and you must not do anything to affect these rights. You must let us use your name in enforcing these rights.

We will not be liable to you if we do not pursue these rights or if we do not recover any amount that might be recoverable.

With the money we recover from enforcing these rights, we will pay whatever part of your loss we have not paid. We have a right to keep what is left.

8. ARBITRATION

If it is permitted under Texas or federal law, you and we may agree to arbitration when you file a claim.

The arbitration may decide any matter in dispute between you and us.

Arbitration is one means of alternative dispute resolution. It may lessen the time and cost of claims settlement. You may wish to consider another form of mediation or use the court system. If you choose arbitration, you may give up some discovery rights and your right to sue.

The arbitration award may:

- a. include attorneys' fees if allowed by state law, and/or
- b. be entered as a judgment in the proper court.

The arbitration shall be under the Title Insurance Arbitration Rules of the American Arbitration Association. You may choose current Rules or Rules in existence on Policy Date.

The law used in the arbitration is the law of the place where the property is located.

You can get a copy of the Rules from us.

9. ENTIRE CONTRACT PROVISION

This policy and any endorsements we attach are the entire contract between you and us.

Any claim you make against us must be under this Policy and is subject to its terms.





ISSUED THROUGH THE OFFICE OF:



FIRST AMERICAN
TITLE INSURANCE
COMPANY

Corporate Office
1 First American Way
Santa Ana, CA 92707



First American Title

**Texas Residential Owner's Policy of
Title Insurance One-to-Four Family Residences
(T-1R)**

ISSUED BY

First American Title Insurance Company

POLICY NUMBER

R1521877

Schedule A

File Number: 1521877-H037

Policy Date: 12/08/2010 at PM

Policy Amount: \$388,805.00

Premium: \$2,504.25

1. Name of Insured:

Bradford Cromeens and Karalynn Cromeens

2. We insure your interest in the land covered by this Policy is:

Fee Simple

3. Legal Description of land:

LOT ONE HUNDRED SEVEN (107), BLOCK "N", OUT OF OUTPOST ESTATES, SEC. 3, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 38, PAGE 68 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS.

First American Title Company

By:

Authorized Countersignature (/VN)



First American Title

**Texas Residential Owner's Policy of
Title Insurance One-to-Four Family Residences
(T-1R)**

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First American Title Insurance Company

POLICY NUMBER

R1521877

Schedule B

EXCEPTIONS

File No. 1521877-HO37

We do 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. Item No. 2 of Schedule B hereof is amended to read as follows: "shortages in area."
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
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 right of access to that area or easement along and across that area.
5. Standby fees, taxes and assessments by any taxing authority for the year 2011, 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.
6. The following matters and all terms of the documents creating or offering evidence of the matters:
(We must insert matters or delete this exception.)

Valid only if Cover, Schedule A are attached.

- a. Any covenants, conditions or restrictions indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin are hereby deleted to the extent such covenants, conditions or restrictions violate 42 USC 3604 {c}. Volume 38, Page 68, of the Map Records of Harris County, Texas. Volume 2476, Page 150 of the Deed Records and County Clerk's File No(s). H442328, K269805, L468974, L468975, L468976, U076293, X573736 and X595891, of the Official Records of Harris County, Texas.

- b. Rights of Parties in Possession.
- c. A 50 foot building setback line along the south property line as set forth on the recorded plat and dedication.
- d. A 30 foot building setback line along the easterly property line as set forth on the recorded plat and dedication.
- e. The utility and aerial easement(s) as set out on recorded plat/map recorded in Volume 38, Page 68 of the Map records of Harris County, Texas.
- f. Easement as shown on the recorded plat and dedication:
 - Purpose: drainage
 - Location: 15 feet on each side of the center line of all gullies, ravines and other natural drainage courses on the herein described property.
- g. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
- h. All matters disclosed on survey performed by Steven Lee Wright, RPLS #4823, dated 04/29/2010 under Job No. 10-04-0851.



First American Title

Important Notice

ISSUED BY

First American Title Insurance Company

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call First American Title Insurance Company's toll-free telephone number for information or to make a complaint at:

1-888-632-1642

You may also write to First American Title Insurance Company at:

**1 First American Way
Santa Ana, California 92707**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact First American Title Insurance Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de First American Title Insurance Company's para informacion o para someter una queja al:

1-888-632-1642

Usted tambien puede escribir a First American Title Insurance Company:

**1 First American Way
Santa Ana, California 92707**

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el First American Title Insurance Company primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.