

PFC96MAT

TYPE OF RECORD: PERMANENT

CATEGORY OF RECORD: DEED (GENERAL WARRANTY)

NAME OF AGENCY OR CONTRACTOR: GRAND JUNCTION PUBLIC FINANCE
CORPORATION A COLORADO NON-PROFIT CORPORATION BY: ROBERT M.
CRON (SECRETARY) AND MARK A. ACHEN (PRESIDENT)

STREET ADDRESS/PARCEL NAME/SUBDIVISION/PROJECT: MATCHETT
PROPERTY ~~2944-F-ROAD~~
2844 F Road

CITY DEPARTMENT: PARKS AND RECREATION

YEAR: 1996

EXPIRATION DATE: NONE

DESTRUCTION DATE: NONE

WARRANTY DEED

1758668 1221PM 05/29/96
MONIKA TODD CLK&REC MESA COUNTY CO
DOCUMENT FEE \$EXEMPT

Grand Junction Public Finance Corporation, a Colorado non profit corporation, Grantor, for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged, hereby grants and conveys to

Grand Junction Public Finance Corporation, a Colorado non profit corporation, Grantee, whose address is 250 North 5th Street, Grand Junction, Colorado 81501, of the County of Mesa, State of Colorado, the following described real property lying, being and situate in Section 6, Township 1 South, Range 1 East of the Ute Meridian, County of Mesa, State of Colorado, to wit:

See Exhibit "A" attached hereto and incorporated herein by reference.

(The purpose of this deed and conveyance is to merge, into one singular parcel of land, the six (6) parcels of land heretofore conveyed by the Trust for Public Land to the Grand Junction Public Finance Corporation by Warranty Deed filed for record on May 29, 1996 1996, at Book 2236, Page 8 in the office of the Mesa County Clerk and Recorder).

TO HAVE AND TO HOLD the premises aforesaid, with all and singular the rights, privileges, appurtenance and immunities thereto belonging or in any wise appertaining, unto the said Grantee and unto its successors and assigns forever, the said Grantor hereby covenanting that it will warrant and forever defend the title and quiet possession to said premises unto the said Grantee and unto the Grantee's successors and assigns, against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, this Deed has been executed and delivered this 28th day of May, 1996.

Attest:

Grand Junction Public Finance Corporation

Robert M. Cron
Robert M. Cron, Secretary

By: Mark K. Achen
Mark K. Achen, President

State of Colorado)
)ss.
County of Mesa)

The foregoing instrument was acknowledged before me this 28th day of May, 1995, by Mark K. Achen as President and attested to by Robert M. Cron as Secretary of the Grand Junction Public Finance Corporation, a Colorado non profit corporation.

My commission expires: 3.3.97

Witness my hand and official seal.



Robert M. Cron
Notary Public

A tract or parcel of land lying, being and situate in Section 6, Township 1 South, Range 1 East of the Ute Meridian, County of Mesa, State of Colorado, being more particularly described by the following metes and bounds, to wit:

Commencing at the South 1/4 Corner of Section 6, Township 1 South, Range 1 East of the Ute Meridian, County of Mesa, State of Colorado, and considering the South line of Southeast 1/4 of the Southwest 1/4 of said Section 6 to bear N 89°59'34" W with all bearings contained herein being relative thereto; thence N 00°37'34" W along the East line of the Southeast 1/4 of said Section 6 a distance of 50.00 feet to a point on the North right-of-way line for F Road (also known as Patterson Road), as recorded in Book 1370 at Page 219 in the office of the Mesa County Clerk and Recorder, said point being the True Point of Beginning;

thence N 89°59'34" W along the North right-of-way line for F Road a distance of 675.45 feet to a point on the West line of the East 1/2 of the Southeast 1/4 Southwest 1/4 of said Section 6;

thence N 00°18'44" W along the West line of said East 1/2 Southeast 1/4 Southwest 1/4 a distance of 1271.63 feet to the Northwest Corner of said East 1/2 Southeast 1/4 Southwest 1/4; thence N 00°15'26" W along the West line of the East 1/2 of the Northeast 1/4 Southwest 1/4 of said Section 6 a distance of 930.90 feet to a point;

thence N 89°59'00" W a distance of 663.95 feet to a point on the West line of the Northeast 1/4 of the Southwest 1/4 of Section 6;

thence N 00°00'43" E along the West line of the Northeast 1/4 Southwest 1/4 of Section 6 a distance of 391.00 feet to the West 1/16th Corner of Section 6;

thence N 00°01'41" E along the West line of the Southeast 1/4 of the Northwest 1/4 of Section 6 a distance of 1320.19 feet to the Northwest 1/16th Corner of Section 6;

thence N 00°36'18" W along the West line of the Northeast 1/4 of the Northwest 1/4 of Section 6 a distance of 579.25 feet to the center line of the Government Highline Canal;

thence along the center line of said Government Highline Canal the following three (3) courses and distances:

1. S 68°58'44" E a distance of 733.10 feet;
2. 388.73 feet along the arc of a curve to the left having a radius of 523.55 feet, a central angle of 42°32'27", and a long chord bearing S 89°39'49" E a distance of 379.86 feet;
3. N 69°03'58" E a distance of 217.84 feet;

thence leaving the center line of said Government Highline Canal, S 22°35'08" E a distance of 67.50 feet to a point;

thence N 67°24'52" E a distance of 40.88 feet to a point which is the intersection of the West line of the Northwest 1/4 of the Northeast 1/4 of Section 6 with the Southwest Corner of Tract 115 of the United States Department of Interior, Bureau of Reclamation, Government Highline Canal;

thence along the South boundary line of said Tract 115 the following five (5) courses and distances:

1. N 67°24'52" E a distance of 113.43 feet;
2. 150.51 feet along the arc of a curve to the right having a radius of 387.46 feet, a central angle of 22°15'27", and a long chord bearing N 78°32'36" E a distance of 149.57 feet;
3. N 89°40'20" E a distance of 142.26 feet;
4. 129.13 feet along the arc of a curve to the right having a radius of 482.96 feet, a central angle of 15°19'09", and a long chord bearing S 82°40'05" E a distance of 128.75 feet;
5. S 75°00'32" E a distance of 842.80 feet to a point which is the intersection of the South boundary line of said Tract 115 with the East line of the Northwest 1/4 Northeast 1/4 of Section 6;

thence S 00°37'02" W along the East line of the Northwest 1/4 Northeast 1/4 of Section 6 a distance of 190.20 feet to the Northeast 1/16th Corner of Section 6;
 thence S 00°35'44" E along the East line of the Southwest 1/4 Northeast 1/4 of Section 6 a distance of 1317.48 feet to the East 1/16th Corner of Section 6;
 thence S 00°01'16" E along the East line of the Northwest 1/4 Southeast 1/4 of Section 6 a distance of 1320.48 feet to the Southeast 1/16th Corner of Section 6;
 thence N 89°58'28" W along the South line of the Northwest 1/4 Southeast 1/4 of Section 6 a distance of 668.29 feet to the Northeast Corner of the West 1/2 of the Southwest 1/4 Southeast 1/4 of Section 6;
 thence S 00°16'28" E along the East line of the West 1/2 of the Southwest 1/4 Southeast 1/4 of Section 6 a distance of 1270.94 feet to a point on the North right-of-way line for F Road as described in Book 1410 at Page 316 in the office of the Mesa County Clerk and Recorder;
 thence S 89°59'21" W along the North right-of-way line for F Road a distance of 357.11 feet;
 thence leaving said right-of-way line, N 00°00'39" W a distance of 149.99 feet to a point;
 thence N 27°41'39" W a distance of 120.00 feet to a point;
 thence S 31°02'21" W a distance of 138.10 feet to a point;
 thence S 78°29'14" W a distance of 100.00 feet to a point;
 thence S 00°00'39" E a distance of 118.00 feet to a point on the North right-of-way line for F Road;
 thence S 89°59'21" W a distance of 78.64 feet to the True Point of Beginning, containing 207.862 acres as described.

The foregoing legal description was prepared by Tim Woodmansee of the City of Grand Junction, 250 North 5th Street, Grand Junction, Colorado 81501.

POLICY NO. O 95077653
ORDER FILE NO. 96-5-159

SCHEDULE A

AMOUNT
\$1,937,047.60

DATE OF POLICY
May 29, 1996 at 12:21 p.m.

NAME OF INSURED

GRAND JUNCTION, PUBLIC FINANCE CORPORATION, A
COLORADO NON-PROFIT CORPORATION

1. The estate or interest in the land described herein and which is covered by this policy is:

IN FEE SIMPLE

2. The estate or interest referred to herein is at Date of Policy vested in:

THE INSURED

3. The land referred to in this Policy is described as follows:

PARCEL 1:

The E 1/2 NW 1/4 South of the centerline of the Government Canal, Section 6, Township 1 South, Range 1 East, Ute Meridian,

PARCEL 2:

The NE 1/4 SW 1/4, Section 6, Township 1 South, Range 1 East, Ute Meridian, Except a parcel of land being more particularly described as follows:

Commencing at the South quarter corner of said Section 6, whence the East 1/16 Corner on the South line of Section 6 bears North 89°49'12" East, thence North 00°48'05" West 660.70 feet; thence South 89°50'44" West 672.05 feet; thence North 00°28'53" West 660.79 feet to the South line of the Northeast quarter of the Southwest quarter, this being the Point of Beginning;

Thence South 89°51'19" West 668.36 feet to the Southeast corner of Government Lot 6 in said Section 6;
Thence North 00°09'27" West 930.89 feet along the East line of said Government Lot 6;
Thence North 89°50'51" East 664.00 feet;
Thence South 00°25'32" East 930.99 feet to the Point of Beginning,

PARCEL 3:

The N 1/2 E 1/2 SE 1/4 SW 1/4 of Section 6, Township 1 South, Range 1 East of the Ute Meridian,

PARCEL 4:

Beginning at a point on the South line of Section 6, Township 1 South, Range 1 East of the Ute Meridian, being 675.75 feet North 89°50'00" East of the Southeast corner of Government Lot 7 Section 6, Township 1 South, Range 1 East, Ute Meridian, and considering the South line of the SW 1/4 Section 6, Township 1 South, Range 1 East, Ute Meridian to bear North 89°50'00" East and all bearings contained herein to be relative thereto; thence North 00°49'01" West 1321.82 feet to the Northwest corner of the E 1/2 SE 1/4 SW 1/4 Section 6, Township 1 South, Range 1 East, Ute Meridian, thence North 89°51'10" East 670.95 feet to the Northeast corner of the E 1/2 SE 1/4 SW 1/4 Section 6, thence South 01°01'30" East 1321.66 feet to the Southeast corner of E 1/2 SE 1/4 SW 1/4 of Section 6, thence South 89°50'00" West 675.75 feet to the Point of Beginning, EXCEPT the South 50 feet for Road Right-of-way as granted to Mesa County by instrument recorded May 3, 1982 in Book 1370 at Page 219, and EXCEPT the NE 1/4 SE 1/4 SW 1/4 Section 6, Township 1 South, Range 1 East, Ute Meridian,

PARCEL 5:

W 1/2 NW 1/4 SE 1/4 and the W 1/2 SW 1/4 SE 1/4 of Section 6, Township 1 South, Range 1 East of the Ute Meridian, EXCEPT Beginning at a point 203.10 feet East of the S 1/4 corner of said Section 6, thence North 130 feet, thence North 25° West 63.93 feet, thence North 31°03' East 138.10 feet, thence South 27°41' East 120 feet, thence South 200 feet to a point on the South line of said Section 6, thence West along the South line of said Section 6, a distance of 100 feet to the point of beginning, AND EXCEPT from the S 1/4 corner of said Section 6 and considering the South line of said Section 6 to bear due East and with all other bearings described herein being relative thereto, East along the South line of said Section 6, a distance of 78.10 feet to the point of beginning, thence North 168 feet, thence North 78°30' East 100 feet, thence South 25°00' East 63.93 feet, thence South 130 feet to a point on the South line of said Section 6, thence West along the South line of said Section 6, a distance of 125 feet to beginning, AND EXCEPT the South 50 feet as conveyed to County of Mesa by instrument recorded January 14, 1983 in Book 1410 at Page 316,

PARCEL 6:

The E 1/2 NW 1/4 SE 1/4 of Section 6, Township 1 South, Range 1 East, Ute Meridian and the W 1/2 NE 1/4 South of the centerline of the Government Canal, Section 6, Township 1 South, Range 1 East, Ute Meridian, EXCEPT that part conveyed to Department of Interior, Bureau of Reclamation by instrument recorded April 8, 1992 in Book 1891 at Page 528,

ALL IN MESA COUNTY, COLORADO.

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SCHEDULE B

This Policy does not insure against loss or damage by reason of the following:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter, furnished, imposed by law and not shown by the public records.
5. Taxes and assessments which are a lien or are now due and payable; any tax, special assessment, charge or lien imposed for or by any special taxing district or for water or sewer service; any unredeemed tax sales.

AFFECTS PARCEL 1:

6. Reservation, as set forth in United States Patent recorded April 28, 1908 in Book 70 at Page 428 as follows: "Herein described property subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to intersect said premises."
7. Easement and/or Right of Way granted to Grand Valley Rural Power Lines, Inc., across herein described property as set forth by instrument recorded December 7, 1938 in Book 373 at Page 454.
8. Right of way for the Government Highline Canal pursuant to subscription for stock recorded April 4, 1908 in Book 130 at Page 31.

AFFECTS PARCELS 2, 3 AND 4:

9. Reservation, as set forth in United States Patent recorded October 21, 1891 in Book 11 at Page 119 as follows: "Herein described property subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to intersect said premises."

AFFECTS PARCEL 4:

10. NOTE: There appears of record a notice concerning zoning and planning properties along F Road as shown by instrument recorded November 10, 1988 in Book 1718 at Page 318 and recorded January 29, 1991 in Book 1822 at Page 99.

AFFECTS PARCEL 5:

11. Reservation, as set forth in United States Patent recorded April 28, 1892 in Book 11 at Page 187 as follows: "Herein described property subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to intersect said premises."
12. Reservation, as set forth in United States Patent recorded April 28, 1892 in Book 11 at Page 187 as follows: "Herein described property subject to the right-of-way for ditches and canals constructed by authority of the United States."

CONTINUED NEXT PAGE

13. NOTE: There appears of record a notice concerning zoning and planning properties along F Road as shown by instrument recorded November 10, 1988 in Book 1718 at Page 318 and recorded January 29, 1991 in Book 1822 at Page 99.
14. Terms, conditions, stipulations, obligations and provisions of Agreement and Grant of Easement recorded June 30, 1994 in Book 2082 at Page 700.

AFFECTS PARCEL 6:

15. Reservation, as set forth in United States Patent recorded April 28, 1892 in Book 11 at Page 187 as follows: "Herein described property subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to intersect said premises."
16. Reservation, as set forth in United States Patent recorded April 28, 1892 in Book 11 at Page 187 as follows: "Herein described property subject to the right-of-way for ditches and canals constructed by authority of the United States."
17. Terms, conditions, stipulations, obligations and provisions of Agreement and Grant of Easement recorded June 30, 1994 in Book 2082 at Page 700.
18. Terms, conditions, stipulations, obligations and provisions of Agreement and Grant of Easement recorded February 17, 1995 in Book 2128 at Page 439.
19. Terms, conditions, stipulations, obligations and provisions of Contract recorded April 8, 1992 in Book 1891 at Page 519.
20. Easement and right of way for location of a pump and pipeline as reserved by Kenneth M. Matchett, Jr. and Sarah M. Matchett in Deed to Kenneth M. Matchett and Thelma H. Matchett, recorded November 10, 1993, in Book 2023 at Page 809, in which the specific location of the easement and right of way is not defined.
21. Right of way for the Government Highline Canal pursuant to subscription for stock recorded March 3, 1908 in Book 129 at Page 29.

AFFECTS ALL PARCELS:

22. Terms, conditions, stipulations, obligations and provisions of Open Space Lease Purchase Agreement between Grand Junction Public Finance Corporation, a Colorado nonprofit corporation, as Lessor and City of Grand Junction, Colorado, as Lessee recorded May 29, 1996 in Book 2236 at Page 17.
23. Reservation of a nonexclusive equestrian, pedestrian and livestock easement for access to the culvert installed by the Bureau of Reclamation as disclosed in Deed recorded May 29, 1996 in Book 2236 at Page 2.
24. Deed of Trust from GRAND JUNCTION, PUBLIC FINANCE CORPORATION, A COLORADO NON-PROFIT CORPORATION to the Public Trustee of the County of Mesa, for the use of THE BANK OF CHERRY CREEK, N.A. AS TRUSTEE to secure \$2,155,000.00, dated May 1, 1996 and recorded May 29, 1996 in Book 2236 at Page 76.
25. Taxes for the year 1996 a lien, but not yet due or payable.

**UNITED GENERAL
TITLE INSURANCE COMPANY**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, UNITED GENERAL TITLE INSURANCE COMPANY, a Louisiana 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:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company also will pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

This policy shall not be valid or binding until countersigned by either a duly authorized agent or representative of the Company and Schedule A and B have been attached hereto.

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

UNITED GENERAL TITLE INSURANCE COMPANY

Richard H. Himes Jr.

President



Sherry E. Anderson

Secretary

Countersigned *Donna M. Jackson*
Authorized Officer or Agent *KS*

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

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, dimension 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.

(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.

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.

3. Defects, liens, encumbrances, adverse claims or other matters:

(a) created, suffered, assumed or agreed to by the insured claimant;

(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

(c) resulting in no loss or damage to the insured claimant;

(d) attaching or created subsequent to Date of Policy; or

(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

(a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or

(b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:

(i) to timely record the instrument or transfer; or

(ii) of such recordation to impart notice to purchaser for value or a judgement or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and , subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which 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.

(d) "land": the land described or referred to in Schedule A or C, and improvements affixed thereto which 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 or 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.

(e) "mortgage": mortgage, deed of trust, trustdeed, or other security instrument.

(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.

(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 to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE 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.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, 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.

4. DEFENSE AND PROSECUTION OF ACTIONS: DUTY OF INSURED CLAIMANT TO COOPERATE.

(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.

(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 in its opinion may be necessary or desirable to establish the title to the estate or interest, 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.

(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.

(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 (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest 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.

5. PROOF OF LOSS OR DAMAGE.

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 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 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.

Conditions and Stipulations (Continued)

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 shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS: TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, 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.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, 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; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

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.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

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.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) 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.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of

Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule A or C consists of two or more parcels which are not used as a single site, and loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, 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 manner and shall not be liable for any loss or damage caused thereby.

(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 as insured.

(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.

10. REDUCTION OF INSURANCE: REDUCTION OR TERMINATION OF LIABILITY:

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

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 to the insured owner.

12. PAYMENT OF LOSS.

(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 destruction shall be furnished to the satisfaction of the Company.

(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.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

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.

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.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, 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.

(b) The Company's Right Against Non-insured Obligors.

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.

14. ARBITRATION.

Unless prohibited by applicable law, 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 arbitrated at the option of either the Company or the insured. 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. The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

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

15. LIABILITY LIMITED TO THIS POLICY: POLICY ENTIRE CONTRACT.

(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.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(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.

16. SEVERABILITY.

In the event any provision of the 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.

17. NOTICE, WHERE SENT.

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 P.O. Box 1591, Baton Rouge, Louisiana 70821.

AMERICAN LAND TITLE ASSOCIATION
OWNER'S POLICY (10-17-92)

Issued Through the Office Of:



**United General
Title Insurance Company**

CORPORATE OFFICE
P.O. Box 1591
Baton Rouge, LA 70821
(504) 922-4225
(800) 999-3470

A Subsidiary of
**UNITED COMPANIES
FINANCIAL CORPORATION**
Baton Rouge, Louisiana