

Cover page for:

Preliminary Title Insurance Schedules (with copies of recorded exception documents*)

* A copy of the Van Zandt County Subdivision Regulations Approved and Accepted by Van Zandt County Commissioners Court on April 28, 2021 is listed as an exception and is posted for your review as a separate document.

Preliminary title insurance schedules prepared by:

Attorney's Title Company of Henderson County

(File Number: 24-104-OC)

Auction Tracts 6, 19

Parcel ID 19595

Van Zandt County, Texas

May 14, 2024 auction to be conducted by:

**Schrader Real Estate and Auction Company, Inc.
(in cooperation with Paul A. Lynn & Associates, LLC)**

On behalf of:

Twin Lakes Dairy, LP, Mark C. Hannan, and Laurie L. Hannan

COMMITMENT FOR TITLE INSURANCE T-7

ISSUED BY

FIDELITY NATIONAL TITLE INSURANCE COMPANY

SCHEDULE A

Effective Date: **April 1, 2024, 7:00 am**

GF No. **24-104-OC**

Commitment No. _____, issued **April 22, 2024**,

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:
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:
Twin Lakes Dairy, L.P.

4. Legal description of land:

All that certain lot, tract or parcel of land situated in Van Zandt County, Texas, located about one mile South of Martin's Mill township, being a part of the LEANDER SMITH SURVEY, A-827, LEONARD H. THOMPSON SURVEY, A-859, JOHN WATKINS SURVEY, A-933, and A. P, McWILLIAMS SURVEY, A-545, in said county, and being a part. of the Phillips Ranch conveyed to Basham of record in Volume 319, page 601, and Volume 348, page 220, Deed Records of said county, more fully described as follows:

BEGINNING at a point for Southeast corner of Leander Smith Survey, same being the Southwest corner of Leander Smith Survey, A-828, in the North boundary line of Leonard H. Thompson Survey;

THENCE North 89 deg. 10 1/3 min. East with the North boundary line of said Thompson Survey and North boundary line of Watkins Survey 859.73 feet a point for ell corner;

THENCE South 0 deg. 2 3/4 min. East parallel with the West boundary line of said Watkins Survey, 857.05 feet to a point for ell corner;

THENCE South 87 deg. 40 min. East passing a fence corner post at 64.51 feet continuing with a fence line a total of 2027.63 feet a point for corner in the center of the Martin's Mill-Murchison public road;

THENCE South 4 deg. 16 2/3 min. East with the center of said road 1059.27 feet a point for corner in the South bounds of said Basham ranch;

THENCE South 88 deg. 39 2/3 min, West with the fenced South bounds said ranch 2344.82 feet a fence corner post for a Southwest corner of said ranch in the West boundary line of Mcwilliams Survey;

THENCE North 0 deg. 36 1/2 min. West with the fenced west boundary line of said ranch and McWilliams Survey 491.58 feet passing an ell fence corner post in the South bounds of said ranch continuing North 0 deg. 2 3/4 min. West with the fenced West boundary line of said Watkins Survey 1335.88 feet a fence corner post for ell corner said fence line;

THENCE North 89 deg. 6 1/3 min. West with the fence line 899.83 feet a fence corner post for ell corner;

THENCE North 7 deg. 8 min. West with said fence line 193.81 feet a fence corner post for corner in the North bounds said Thompson Survey;

THENCE North 89 deg. 45 min. West with the fenced North boundary line said

Thompson Survey 250.53 feet a fence corner post for ell corner;

THENCE North 2 deg. 9 1/3 min. West with a fence line 1560.65 feet a point for corner in the center of a public road, same being the North boundary line of said Basham Ranch;

THENCE North 89 deg. 48 min. East with the North boundary line of said ranch and public road 614.55 feet a point for ell corner in the West boundary line of said Leander Smith survey, A- 828;

THENCE South 0 deg. 8 min. East with the West bounds said Leander Smith Survey, A-828, 1558.38 feet to the point of beginning, containing 90.000 acres of land, more or less including 0.961 acres of public roadway.

LESS AND EXCEPT: The portion of the following described 7.00 acre tract which is a part of the above described 90 acre tract of land:

All that certain lot, tract or parcel of land located within the L. Smith Survey, Abstract No. 827 and the L. Smith Survey, Abstract No. 828 of Van Zandt County, Texas, being a portion of a called 90.000 acre tract, described as Tract 1 and a portion of a called 100.071 acre tract, described as Tract 3 in a deed from Louie Jack Mewbourn and wife, Kathie Elaine Mewbourn to Twin Lakes Dairy, LP, dated May 6, 1992 and recorded in Volume 1251, Page 494 of the Real Records of Van Zandt County, Texas, and this 7.00 acre tract being more fully described as follows:

BEGINNING at a Cotton Spindle Set in County Road 4301 and the common line of said 100.071 acre tract and a called 72.669 acre tract, described as Tract 4 in a deed from Pedro Nunez Rivera, et al to Cesar Guadalupe Rivera and Juan Gabriel Rivera, dated March 20, 2019 and recorded in Document No. 2019-002407, from which a 1/2" Iron Rod Found in the North line of County Road 4304 at the Southeast corner of a called 9.56 acre tract as described in a deed from 4M Ranch to Joshua Ross, dated April 6, 2021 and recorded in Document No. 2021- 003823 bears North 63 deg. 56 min. 36 sec. West, a distance of 106.99 feet;

THENCE across said 100.071 acre tract and said 90.000 acre tract, the following three (3) courses and distances:

South 01 deg. 07 min. 37 sec. East, a distance of 855.95 feet to a 1/2" Iron Rod Set for corner;

North 90 deg. 00 min. 00 sec. West, a distance of 346.16 feet to a 1/2" Iron Rod Set for corner;

North 01 deg. 07 min. 37 sec. West, passing a 1/2" Iron Red Set for reference at

863.05 feet and continuing for a total distance of 883.05 feet to a Cotton - Spindle Set in County Road 4304 and the North line of said 90.000 acre tract; from which a 5/8" Iron Rod Found in the common line of said 9.56 acre tract and a called 7.83 acre tract as described in a deed from Michael Dunavant and Mellisa Dunavant to Mark A. Schaeffer, dated June 17, 2021 and recorded in Document No. 2021-007070 bears North 87 deg. 58 min. 20 sec. West, a distance of 306.63 feet;

THENCE North 89 deg. 22 min. 08 sec. East, with said County Road 4304 and the North line of said 90.0 acre tract, a distance of 250.93 feet to a Cotton Spindle Set in the intersection of said County Road 4304 and said County Road 4301 at the Northeast common corner of said 90.000 acre tract, the Northwest corner of said 100.071 acre tract, and being the Southwest corner of said 72.669 acre tract;

THENCE South 72 deg. 41 min. 16 sec. East, with said County Road 4301 and the South line of said 72.669 acre tract, a distance of 100.33 feet to the POINT OF BEGINNING and containing 7.00 acres of land.

LESS AND EXCEPT:

All that certain lot, tract or parcel of land located within the L. Smith Survey, Abstract No. 827 of Van Zandt County, Texas, being a portion of a called 90.000 acre tract, described as Tract 1 in a deed from Louie Jack Mewbourn and wife, Kathie Elaine Mewbourn to Twin Lakes Dairy, LP, dated May 6, 1992 and recorded in Volume 1251, Page 494 of the Real Records of Van Zandt County, Texas, and this 7.00 acre tract being more fully described as follows:

BEGINNING at a Cotton Spindle Set in County Road 4304 and the North line of said 90.000 acre tract, from which a 1/2" Iron Rod Found in the North line of said County Road 4304 at the Southeast corner of a called 9.56 acre tract as described in a deed from 4M Ranch to Joshua Ross, dated April 6, 2021 and recorded in Document No. 2021- 003823 bears North 85 deg. 27 min. 28 sec. East, a distance of 251.37 feet;

THENCE South 01 deg. 07 min. 37 sec. East, across said 90.00 acre tract, passing a 1/2" Iron Rod Set for reference at 20.00 feet and continuing for a total distance of 883.05 feet to a 1/2" Iron Rod Set for corner;

THENCE North 90 deg. 00 min. 00 sec. West, continuing across said 90.00 acre tract, a distance of 332.00 feet to a 1/2" Iron Rod Set for corner in the East line of a called 51.797 acre tract as described in a deed from William Randall Shapiro and wife, Brandi Shapiro to Twin Lakes Dairy, LP, dated April 14, 2015 and recorded in Document No. 2015-003069;

THENCE North 03 deg. 04 min. 43 sec. West, with the East line of said 51.797 acre tract, passing a 1/2" Iron Rod Set for reference at 855.90 feet and continuing for a

total distance of 875.90 feet to a Cotton Spindle Set in said County Road 4304 at the Northeast corner of same, from which a 5/8" Iron Rod Found in the common line of said 9.56 acre tract and a called 7.83 acre tract as described in a deed from Michael Dunavant and Mellisa Dunavant to Mark A. Schaeffer, dated June 17, 2021 and recorded in Document No. 2021-007070 bears North 70 deg. 56 min. 23 sec. East, a distance of 58.44 feet;

THENCE North 88 deg. 41 min. 44 sec. East, with said County Road 4304 and the North line of said 90.000 acre tract, a distance of 361.77 feet to the POINT OF BEGINNING AND CONTAINING 7.00 ACRES OF LAND.

Countersigned
Attorney's Title Company of Henderson County

By **Heather Hale**

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):

this clause is hereby deleted

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 **2024**, 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.):

a. Rights of Parties in Possession. (Owner's Title Policy Only)

- b. All visible and apparent easements on or across the property, and such circumstances, rights or claims as may arise from the existence of power lines and drainage structures which may be in place beneath the surface of the ground.**
- c. Any portion of insured premises lying within the boundaries of a public road or street.**
- d. 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.**
- e. Order of Commissioners Court of Van Zandt County, establishing subdivision regulations , dated April 28, 2021. This exception applies to any application of the Van Zandt County subdivision regulations to the Property by any public body, whether such regulations are recorded or not, without limitation.**
- f. Pipeline Easement from Louie Jack Mewbourn and wife, Kathie Elaine Mewbourn, to Great Plains Exploration Company III, dated January 12, 1980, recorded in Volume 924. page 406 , Deed Records of Van Zandt County, Texas, relative to 90 acres.**
- g. Right of Way Deed from Jack Mewbourn and wife, Kathie Mewbourn, to Esperanza Transmission Company, dated July 10, 1981, recorded in Volume 962, page 470 , Deed Records of Van Zandt County, Texas, relative to 90 acres.**
- h. Right of Way Deed from Jack Mewbourn and wife, Kathy Mewbourn, to Bethel-Ash Water Supply Corporation, dated August 26, 1980, recorded in Volume 1022. page 960 , Deed Records of Van Zandt County, Texas, relative to**

90 acres.

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. **We will require all closing documents and figures in our office at least 24 hours prior to closing or closing date and time will be changed.**
6. **We will require a copy of the signed closing statement and/or disbursement sheet if file does not close in our office.**
7. **Require Sellers/Owners to execute and Affidavit as to Debts and Liens in regards to Bankruptcy, Federal Tax Liens, Judgments, etc., on prescribed form.**
8. **At closing, the Proposed Insured of the Owner Policy will be requested to sign a Waiver of Inspection (see "Texas Title Insurance Information" accompanying this Commitment). In the event that the Proposed Insured declines to sign this Waiver, the Company reserves its rights to conduct a physical inspection of the land and to then charge an inspection fee, all in accordance with regulations of the Texas Department of Insurance.**
9. **We will require a 1099-S on all transactions involving a Sale.**
10. **NOTE TO ALL BUYERS, SELLERS, BORROWERS, LENDERS AND ALL PARTIES INTERESTED IN THE TRANSACTION COVERED BY THIS COMMITMENT. The**

following constitutes a major change in the procedures and requirements for disbursement of funds by the title agent pursuant to this transaction: Effective August 1, 1988, The State Board of Insurance has adopted Procedural Rule P-27 which requires that "Good Funds" be received and deposited before a Title Agent may disburse from its Trust Fund Account. The term "Good Funds" is defined as: (1) Cash or Wire Transfers; (2) Certified Funds, including Certified Checks and Cashier's Checks; (3) Uncertified Funds in amounts less than \$1500.00, including Checks, Traveler's Checks, Money Orders and Negotiable Orders of Withdrawal; provided multiple items shall not be used to avoid the \$1500.00 limitation; and (4) Uncertified Funds in amounts of \$1500.00 or more, Drafts, and any other item when collected by the Financial Institution.

11. Determine that all taxing information received from all taxing agencies and verification that tax certificates furnished represent all taxes on property to be insured. ALL TAXES MUST BE PAID.
12. IF TRANSACTION CLOSES IN OUR OFFICE, WE WILL REQUIRE TWO FORMS OF IDENTITY FOR EACH PARTY. (EXAMPLE: DRIVER'S LICENSE AND SOCIAL SECURITY CARD.
13. Require new survey OR sellers' execution of an "Affidavit of No Changes on Previous Survey" with survey attached locating all improvements if any part of survey exception is to be deleted. Survey must be approved by Title Company prior to closing. Attorney's Title Company reserves the right to make additional requirements upon receipt and review of survey. If survey is NOT required, then this requirement does not apply.

14. Title Company will require a Release of a Partial Release from the following:

Deed of Trust dated June 05, 1998 executed between TLD CORPORATION, GENERAL PARTNER of TWIN LAKES DAIRY, LP to ARNOLD R HENSON, Trustee for FARM CREDIT BANK OF TEXAS recorded under Volume 1468 Page 623 of the Van Zandt County, Texas Real Property Records. Renewed and Extended by Deed of Trust dated January 27, 2003 executed between TLD CORPORATION, GENERAL PARTNER of TWIN LAKES DAIRY, LP to ARNOLD R HENSON, Trustee for FARM CREDIT BANK OF TEXAS in the amount of \$785,400.00 recorded under Volume 1514 Page 215 of the Van Zandt County, Texas Real Property Records.

Deed of Trust dated January 26, 2015 executed between TWIN LAKES DAIRY, L.P. MARK C. HANNAN, and LAURIE L HANNAN to JESS LAIRD, Trustee for FIRST STATE BANK, ATHENS, TEXAS in the amount of \$2,326,615.00 recorded under Clerk's File No. 2015-000709 in the Van Zandt County, Texas Real Property Records.

15. Title Company will require a copy of the partnership agreement relative to TWIN LAKES DAIRY, L.P. together with a copy of the Certificate of Limited Partnership

filed with the Secretary of State.

16. Title Company will require a Resolution stating the officers and authorizing the sale on TLD, INC., the GENERAL PARTNER OF TWIN LAKES DAIRY, L.P.

17. Title Company will require a Deed executed by TWIN LAKES DAIRY, L.P. to "TBD".(Buyer information not given.)

18. If the T-19 Endorsement is issued, item four of said endorsement, will be deleted therefrom.

Countersigned
Attorney's Title Company of Henderson County

By **Heather Hale**

COMMITMENT FOR TITLE INSURANCE

SCHEDULE D

GF No. **24-104-OC**

Effective Date: **April 1, 2024, 7:00 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

Fidelity National Title Insurance Company

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 issuing Title Insurance Company, Fidelity National Title Insurance Company , is a corporation whose shareholders owning or controlling, directly or indirectly, 10% of said corporation, directors and officers are listed below:

Shareholders: Fidelity National Group, Inc, which is owned 100% by FNTG Holdings, LLC which is owned 100% by Fidelity National Financial, Inc.

Directors: Raymond Randall Quirk, Anthony John Park, Michael Louis Gravelle, Michael J. Nolan

Officers: President, Randal Raymond Quirk, Executive Vice President, Anthony John Park, Secretary, Michael Louis Gravelle, Treasurer, Daniel Kennedy Murphy

- 2. As to Attorney's Title Co. (Title Insurance Agent), the following disclosures are made: Attorney's Title Company of Henderson County Shareholders, owners, partners or other persons having, owning or controlling 1% or more of Title Insurance Agent are as follows:

| | | |
|---------------------------------------|----------------------|---------------------------|
| Damon Douglas 51.39 % | Pamela Burdick 5.14% | Jeff Fulgham 2.57% |
| Gary Lee Holiman 2.57% | Ellen Leibrock 5.14% | Raymond Shackelford 0.52% |
| Shirley Ward 6.31% | Glenda Park 0.67% | Sarah Simmons 2.31 |
| Deborah Gardiner 12.13% | Skipper Lay 1.28% | |
| Glenda Beth Park Stroup 0.62% | Sheradon Waits 2.31 | |
| JYH Trust, Jack Hunter, Trustee 7.04% | | |

The following individuals are Officers of Attorney's Title Company of Henderson County

President Shirley Ward
Chairman of the Board Damon Douglas

- 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 \$0.00

| | |
|---------------------|---------------|
| Loan Policy | <u>\$0.00</u> |
| Endorsement Charges | <u>\$0.00</u> |
| Other | <u>\$0.00</u> |
| Total | <u>\$0.00</u> |

Of this total amount: 15% will be paid to the issuing Title Insurance Company; 85%, will be retained by the Agent and out of that remaining 85% a portion of that premium will be paid to other parties as follows:

| <u>Amount</u> | <u>To Whom</u> | <u>For Services</u> |
|---------------|----------------|---------------------|
|---------------|----------------|---------------------|

" *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) 654-7041 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.

DELETION OF ARBITRATION PROVISION

(Not applicable to the Texas Residential Owner's Policy)

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Insurance Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The arbitration provision in the Policy is as follows:

"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, unless the Insured is an individual person (as distinguished from an Entity). 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."

SIGNATURE

DATE

Fidelity National Title Insurance Company

| Premium Amount | Rate Rules | Property Type | County Code | Liability at Reissue Rate | 6 | 7 | 8 |
|----------------|------------|----------------|-----------------|---------------------------|---|---|---|
| 1 | 2 | 3 30 | 4 467 | 5 | | | |

PIPELINE EASEMENT -- DAMAGE RELEASE

STATE OF TEXAS

COUNTY OF Van Zandt

*401

KNOW ALL MEN BY THESE PRESENTS:

THAT Louie Jack Mewbourn and wife Kathie Elaine Mewbourn

Hereinafter designated "Grantor" (whether one or more), for and in consideration of the sum of Ten and No/100 Dollars (\$ 10.00)

in hand paid by GREAT PLAINS EXPLORATION CO. III, the receipt and sufficiency of which is hereby acknowledged, and hereinafter designated "Grantee", has granted, sold and conveyed, and by these presents does grant, sell and convey, unto the said Great Plains Exploration Co. III with offices at 2500 Republic National Bank Tower, Dallas, Texas, 75201, its successors and assigns, an Easement and Right-Of-Way for the purpose of laying, repairing, maintaining, operating and removing pipeline for the transportation of oil, gas, fluids and other substances, or any of them, and the products thereof, together with such drips, valves, fittings, meters, graphite and steel anodes and other devices for the control of pipeline corrosion, and similar appurtenances as may be necessary or convenient in the operation of said line, over, across, under and upon a strip of land ten (10) feet wide, being five (5) feet on either side of the centerline now located by Grantee over, under, across and through the lands described on Exhibit "A" attached hereto, and by reference hereto made a part hereof, plus a forty (40) feet wide temporary working space.

Grantor recognizes that the general course of said centerline as above described, across lands described in said Exhibit "A", is based on preliminary surveys only, and that the actual location of said strip may vary to some extent from said course, and Grantor hereby agrees that the easement and right of way hereby granted shall apply to a ten (10) feet wide strip as finally located.

Grantee, its successors and assigns, shall have the right to select the exact location of said pipeline within said strip, and to do whatever may be required for the use and enjoyment of the rights herein granted, including the right of ingress and egress ~~over Grantor's adjacent lands to or from said strip~~ for the purpose of laying, constructing, reconstructing, repairing, maintaining, operating, inspecting, patrolling and removing said pipeline and their appurtenances; with the right to cut or trim down trees or shrubbery to the extent, ~~in the sole judgement of Grantee, its successors and assigns,~~ as may be necessary to prevent interference with the operation of said line and to remove possible hazards thereto, and the right to remove, or prevent the construction of, any and all obstructions on said strip which, ~~in the sole judgement of the Grantee, its successors or assigns,~~ may endanger or interfere with the efficiency, safety, or convenient operation of said line and appurtenances. This Agreement, together with the other provisions of this grant, shall constitute covenants running with the land, binding upon Grantor, his heirs, legal representatives and assigns, for the benefit of Grantee, its successors and assigns.

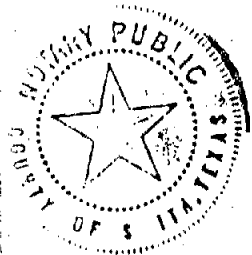
Grantee, its successors and assigns, agrees to bury said pipeline at a sufficient depth so as not to interfere with the cultivation of the soil. The aforesaid consideration includes any and all damages that may be sustained by original construction of said line, including, without limitation, cutting trees, and damages to land, trees, buildings and other property, resulting from original construction of said pipeline. The Grantee agrees to pay for any physical damage to growing crops, timber, fences, or other structural improvements caused by maintenance, operation, repairing, alteration, replacement or removal of said pipeline and appurtenant facilities. Minimum depth of pipeline shall be 36 inch.

TO HAVE AND TO HOLD the above described easement and rights unto the said Great Plains Exploration CO. III, its successors and assigns, until said line shall be abandoned. Should the Grantee herein elect to remove said pipeline, the Grantee shall be required to restore the surface to the condition that it was prior to such removal.

Pipeline Easement -- Damage Release, Page 2.

And Grantor hereby binds himself, his heirs and legal representatives, to warrant and forever defend all and singular the above described easements and rights, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

IN TESTIMONY WHEREOF, witness our hand/s on this the 12th day of January, 19 80.



Louie Jack Mewbourn
Louie Jack Mewbourn

Kathie Elaine Mewbourn
Kathie Elaine Mewbourn

STATE OF TEXAS
COUNTY OF Van Zandt

BEFORE ME, the undersigned authority, in and for the County and State, on this day personally appeared Louie Jack Mewbourn and wife Kathie Elaine Mewbourn known to me to be the person whose name is/are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 12th day of January, 19 80

My Commission Expires:

John J. Champion John J. Champion
Notary Public in and for Smith

3-3-80

County, Texas

STATE OF TEXAS
COUNTY OF _____

BEFORE ME, the undersigned authority, in and for said County and State, on this day personally appeared _____ known to me to be the person whose name is/are subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19 _____.

My Commission Expires:

Notary Public in and for _____

County, Texas.

All that certain 2 tracts of land : Tract #1 being 90.00 acres of land in the Leander Smith Sur. A-827, Leonard H. Thompson Sur. A-859 and John Watkins Sur. A-933, and A. P. McWilliams Sur. A-545, Described in Deed from George V. Basham, Jr. and wife Naomi Smith Basham to Louie Jack Mewbourn and wife Kathie Elaine Mewbourn dated May 7, 1979 and recorded in Vol. 912, Page 128, of the Deed Records of Van Zandt County, Texas. Tract #2 being 100.071 acres of land in the Leander Smith Sur. A-828 and John Watkins Sur. A-933, described in deed from George V. Basham, Jr. and wife Naomi Smith Basham to Louie Jack Mewbourn and wife Kathie Elaine Mewbourn dated March 7, 1979 and recorded in Vol. 908, Page 210 of the Deed Records of Van Zandt County, Texas.

J. M.
K. E. W.

FILED FOR RECORD THIS 15 DAY OF Jan A.D. 19 80 AT 2:55 O'CLOCK P.M.
STEVE GANDY, CLERK COUNTY COURT, VAN ZANDT COUNTY, TEXAS. BY *m. n. q.* DEPUTY

TENANT'S CONSENT

VOL 302 PAGE 471

The undersigned tenant and/or holder of a surface lease on the above described lands does hereby grant his consent and approval to the above described easement, and the full use and exercise thereof, subject to the condition that any and all damages sustained to his crop and other property on said premises, as a result of the exercise of said rights under said consent, shall be paid to him.

EXECUTED this the _____ day of _____ 19____

SINGLE ACKNOWLEDGMENT

THE STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same
for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, 19____

Notary Public in and for _____ County,
State of _____

SINGLE ACKNOWLEDGMENT

THE STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same
for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, 19____

Notary Public in and for _____ County,
State of _____

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS
COUNTY OF VAN ZANDT

BEFORE ME, the undersigned authority, on this day personally appeared JACK NEWBOURN
and KATHIE NEWBOURN his wife, both known to me to be the persons whose names are subscribed to
the foregoing instrument, and acknowledged to me that they each executed the same for the purpose and consideration therein expressed,
and the said KATHIE NEWBOURN wife of the said JACK NEWBOURN
having been examined by me privately and apart from her husband, and having the same fully explained to her, she, the said
KATHIE NEWBOURN acknowledged such instrument to be her act and deed, and she declared
that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 10th day of July, 1951



Osborn Howard
Notary Public in and for BROOKS County,
State of TEXAS

STATE OF TEXAS:

COUNTY OF VAN ZANDT:

CENTERLINE DESCRIPTION
 PIPELINE RIGHT-OF-WAY
 VAN ZANDT COUNTY, TEXAS

BEING 1947 linear feet (118.0 rods) of pipeline right-of-way out of and across that certain 2 tracts of land: Tract # 1 being 90 acres of land in the Leander Smith Survey A-827, Leonard H. Thompson Survey A-859 and John Watkins Survey A-933, and A.P. McWilliams Survey A-545, Described in Deed from George Y. Bashan Jr. and wife Naomi Smith Bashan to Louie Jack Mewbourn and wife Kathie Elaine Mewbourn dated May 7, 1979 and recorded in Volume 912, Page 128, of the Deed Records of Van Zandt County, Texas. Tract # 2 being 100.071 acres of land in the Leander Smith Survey A-828 and John Watkins Survey A-933 described in deed from George Y. Bashan, Jr. and wife Naomi Smith Bashan to Louie Jack Mewbourn and wife Kathie Elaine Mewbourn dated March 7, 1979 and recorded in Volume 908, Page 210 of the Deed Records of Van Zandt County, Texas. The centerline of the said right-of-way being more fully described as follows:

BEGINNING at a point in a fence, the South line of this tract, from whence an edge corner post found in the East R.O.W. of a County Road bears East along said line, 1302 feet;

THENCE N 40° 05' 20" E, 801.5 feet to a point of angle to the left;

THENCE N 37° 31' 00" E, 1121.4 feet to a point of angle to the right;

THENCE N 27° 33' 40" E, 24.1 feet to a point in the West R.O.W. of a County Road,, said point being the terminal point of this centerline description for this tract, from whence a fence corner post found for the Northwest corner of a called 213,788 acre tract bears North along said line 500 feet, then East 67 feet.

FILED FOR RECORD THIS 25 DAY OF Aug A.D. 1981 AT 11:45 O'CLOCK A.M.
 STEVE GANDY, CLERK COUNTY COURT, VAN ZANDT COUNTY, TEXAS. BY S. Gandy DEPUTY

RIGHT OF WAY AGREEMENT

#6771

VOL 962 PAGE 470

LL #10

STATE OF TEXAS

CO ESPERANZA TRANSMISSION COMPANY

COUNTY OF VAN ZANDT

KNOW ALL MEN BY THESE PRESENTS:

THAT the undersigned (hereinafter called OWNER, whether one or more), for and in consideration of the sum of TEN DOLLARS AND NO/100 (\$ 10.00)

Dollars, in hand paid, the receipt of which is hereby acknowledged, does hereby grant, sell and convey unto, ESPERANZA TRANSMISSION COMPANY in succession and assigns (hereinafter called GRANTEE), a permanent right of way and easement 20 ft feet in width, being 25-10 feet on each side of the center line thereof as finally located for the purposes of laying, constructing, maintaining, operating, altering, repairing, changing the size of, replacing and removing a pipeline (with fittings, tie-over, cathodic protection equipment and all appliances appurtenant thereto) for the transportation of oil, gas, or the by-product of either, and any other substance that can be transported through a pipeline along routes convenient for Grantee's operations under, over and across the lands of owner, situated in the County of VAN ZANDT State of Texas, described as follows:

The provisions of Exhibit "A", attached hereto are hereby incorporated into and made a part of this agreement as though written of length herein.

Grantee shall bury the top of its pipe at least thirty inches below the surface of the ground.

The undersigned Owner, his successors, heirs or assigns, reserves all oil, gas and minerals on and under said lands and the right to farm, graze and otherwise fully use and enjoy said land, provided, however, that Grantee shall have the right hereafter to cut and keep clear all trees, brush and other obstructions that may injure, endanger or interfere with the construction, operation, maintenance and use of said pipeline, or fittings, tie-over, cathodic protection equipment and appliances appurtenant thereto. Grantee shall have all privileges convenient for the full use of the right herein granted, together with ingress and egress along said pipeline and over and across existing roads. No excavation, change of grade nor water impoundment may be made on and no structures erected or placed on the permanent right of way and easement herein granted without the prior written consent of Grantee.

Grantee, by the acceptance hereof, agrees to pay damages to crops, pasture, fences, timber, livestock and all other personal property which may arise from laying, constructing, maintaining, operating, repairing, replacing or removing said pipeline.

The Grantee, his successors and assigns, are hereby expressly given and granted the right to assign this right of way and easement, in any part thereof, or interest therein, and the same shall be divisible among two or more owners, as to any right or rights created hereunder, so that each assignee or owner shall have the full rights and privileges herein granted, to be owned and enjoyed either in common or severally.

TO HAVE AND TO HOLD said right of way and easement unto said Grantee, his successors and assigns, until such pipeline be constructed and so long thereafter as a pipeline is maintained thereon; and the undersigned hereby bind themselves, their heirs, executors, administrators, successors and assigns, to warrant and forever defend all and singular said right of way and easement unto said Grantee, his successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

It is agreed that this right of way grant as written above covers all of the agreements between the parties and that no other representations have been made modifying, adding to or changing the terms of the same.

Executed this 10th day of July, 1981.

Jack Meadows
Kelvin Meadows

Form FmHA-Tx-442-B (Rev. 4-77)

* 1770

UNITED STATES DEPARTMENT OF AGRICULTURE
Farmers Home Administration
RIGHT OF WAY EASEMENT (General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that Jack Mewbourn et ux Kathie Mewbourn (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Bethel-Ash Water Supply Corporation, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install, and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove a Water Pipeline over and across 92.944 acres of land, more particularly described in instrument recorded in Vol. 908/912, Page 210/128, Deed Records, Van Zandt County, Texas, together with the right of ingress and egress over Grantors' adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 15' in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the pipeline(s) is installed, the easement herein granted shall be limited to a strip of land 15' in width the center line thereof being the pipeline as installed.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantors by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantors' premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns. The Grantors covenant that they are the owners of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHEREOF the said Grantors have executed this instrument this 26th day of August, 19 80.

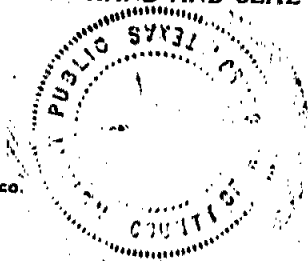
Jack Mewbourn
JACK MEWBOURN
Kathie Mewbourn
KATHIE MEWBOURN

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF HENDERSON

BEFORE ME, the undersigned a Notary Public in and for said County and State, on this day personally appeared Jack and Kathie Mewbourn known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing instrument, and acknowledged to me that he (she) (they) executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 26th DAY OF August 19 80.



Sera Nell Trent
Notary Public In and For
HENDERSON

County, Texas

PALESTINE PRINTING CO.

FILED FOR RECORD THIS 22 DAY OF March A.D. 19 80 AT 4:20 O'CLOCK P.M.
STEVE GANDY, CLERK COUNTY COURT, VAN ZANDT COUNTY, TEXAS. BY Sera Nell Trent DEPUTY