

*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: 24-105-OC)**

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**Auction Tracts 6, 7, 8, 9, 18**

**Parcel ID 19501**

**Van Zandt County, Texas**

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*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. **24-105-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, being a part of the LEONARD THOMPSON SURVEY, Abstract No. 859, of said county, located about one mile South of Martins Mill in said County, and being part of the Phillips land conveyed in Volume 319, page 601, and Volume 348, page 220, of the Deed Records of Van Zandt County, Texas, more fully described as follows:

**BEGINNING** at a point for corner on the North boundary line of said survey, being the most Northern Southwest corner of a 90 acre tract 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, recorded in Volume 912, page 128, Deed Records of Van Zandt County, Texas;

**THENCE** North 89 deg. 4 min. 21 sec. West with the fenced North boundary line of said Thompson Survey 1405.94 feet a point for corner in the center of a public road;

**THENCE** South 6 deg. 38 min. East 246.7 feet to a point for corner in the center of said public road;

**THENCE** with said public road center South 5 deg. 20 min. East 799.73 feet and South 1 deg. 31 min. West 403.67 feet a point for Southwest corner of this tract 29.88 feet West of a fence corner post in the East boundary line of said road;

**THENCE** East 29.88 feet a fence corner post for corner;

**THENCE** with the fenced South boundary line of this tract North 59 deg. 54 min. East 238.88 feet a 6" post on the West bank of a tank South 45 deg. 20 min. East 75.04 feet a 6" post on the East bank of a tank, South 85 deg. 10 min. East 2209.78 feet a railroad tie fence post for most South-Southeast corner this tract;

**THENCE** with the fenced East boundary line this tract North 0 deg. 10 min. West 1335.88 feet a railroad tie fence post for most South Northeast corner this tract;

**THENCE** with the fenced boundary line this tract North 89 deg. 6 min. West 899.83 feet a railroad tie fence post for inner ell corner this tract;

**THENCE** with the fenced boundary line this tract North 7 deg. 8 min. West 193.81 feet a stake for corner on the South side of an abandoned lane, same being in the South boundary line said smith Survey;

**THENCE** with the fenced North boundary line said Thompson Survey South 89 deg. 45 min. West 250.53 feet to the point of beginning, containing 79.237 acres of land, more or less.

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. **The Land has frontage or abuts F. M. Highway 1861, which is a controlled access highway. This policy does not insure against the exercise of power by competent governmental authority to limit, control or deny access, ingress or egress to the Land from said highway or service road which the Land abuts, nor does it insure that the Insured has or shall continue to have access, ingress or egress from such property to and from said highway and service road.**

## 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.
  - g. 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.**
  - h. We will require a copy of the signed closing statement and/or disbursement sheet if file does not close in our office.**
5. **Require Sellers/Owners to execute and Affidavit as to Debts and Liens in regards to Bankruptcy, Federal Tax Liens, Judgments, etc., on prescribed form.**
6. **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.**
7. **We will require a 1099-S on all transactions involving a Sale.**
8. **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.

9. 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.
10. IF TRANSACTION CLOSSES IN OUR OFFICE, WE WILL REQUIRE TWO FORMS OF IDENTITY FOR EACH PARTY. (EXAMPLE: DRIVER'S LICENSE AND SOCIAL SECURITY CARD.
11. 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 a survey is NOT required, then this requirement does not apply.

12. 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.

13. 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.

14. 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.
15. Title Company will require a Deed executed by TWIN LAKES DAIRY, L.P. to "TBD". (Buyer information not given.)
16. 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**



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

## COMMITMENT FOR TITLE INSURANCE (Form T-7)

### TEXAS TITLE INSURANCE INFORMATION

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

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

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

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

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

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

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

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

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

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

section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.

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

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

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Title Insurance Company at (800) 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 <b>30</b>	4 <b>467</b>	5			