

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: 24-106-OC)

Auction Tracts 9, 18

Parcel ID 19508

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. **24-106-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, State of Texas, on the L.H. Thompson Survey, A- 859, and being the residue of the called 78.00 acre tract conveyed to Sam Black, J. W. Black, Norman E. Black, and Patricia Ann Gatlin, wife of Herbert Gatlin, Jr., as her separate and individual property, by Caroline Elizabeth Black (spa Callie Black), a widow, the surviving wife of W. L. Black, deceased, by Warranty Deed dated March 10, 1978, and recorded in Volume 890, Page 219, of the Van Zandt County Deed Records. Said lot, tract or parcel of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" iron rod found for corner at the Southeast corner of the called 78.00 acre tract, at the Northeast corner of the Harry B. Cruse 217.06 acre tract recorded in Volume 1093, Page 647, of the Van Zandt County Real Records, in the West line of the S. L. White 49.57 acre tract recorded in Volume 993, Page 275, of the Van Zandt County Deed Records, in the East line of the L.H. Thompson Survey, A-859, and in the West line of the A.P. McWilliams Survey, A-545;

THENCE WEST 1428.47 feet to a 1/2" iron rod found for corner at the Southerly Southwest corner of the called 78.00 acre tract, in the North line of the said Harry B. Cruse 217.06 acre tract and at the Southeast corner of the Billy Phillips 145.74 acre tract recorded in Volume 1407, Page 821, of the Van Zandt County Real Records;

THENCE NORTH 00 degrees 11 minutes 31 seconds East 1192.18 feet to a 5/8" iron rod set for corner at an angle corner of the said 78.00 acre tract, and at the Northeast corner of the said Billy Phillips 145.74 acre tract;

THENCE NORTH 85 degrees 05 minutes 00 seconds West 1127.06 feet to a P.K. nail set for corner in the Center line of F.M. Hwy. No. 1861, in the original westerly South line of the called 78.00 acre tract and at the called Southeast corner of the Nolen Black 3.07 acre tract recorded in Volume 1389, Page 969, of the Van Zandt County Real Records, from Whence a 5/8" iron rod set bears South 85 degrees 05 minutes 00 seconds East 30.00 feet:

THENCE NORTH 09 degrees 43 minutes 40 seconds East along the Center line of F.M. Hwy. No. 1861, 119.31 feet to a P.K. nail set for corner at the P.C. of a curve to the left;

THENCE along the Center line of F.M. Hwy. No. 1861 and said curve to the left having central angle of 06 degrees 36 minutes 13 seconds, a radius of 1943.28 feet, a long chord of North 06 degrees 25 minutes 32 seconds East 223.85 feet, a tangent of 112.11, an arc length of 223.97 feet to a P.K. nail set for corner at the P.T. of said curve;

THENCE NORTH 03 degrees 07 minutes 27 seconds East along the Center line of

F.M. Hwy. No. 1861, 215.89 feet to a P.K. nail set for corner at the called Southwest corner of the Twin Lakes Dairy, L.P. 79.237 acre Fourth Tract recorded in Volume 1251, Page 494, of the Van Zandt County Real Records;

THENCE along the South boundary line of the said Twin Lakes Dairy, L.P. 79.237 acres tract as follows:

South 89 degrees 55 minutes 50 seconds East 25.69 feet to a 5/8" iron rod set for corner;

North 89 degrees 58 minutes 10 seconds East 238.88 feet to a 5/8" iron rod set for corner;

South 45 degrees 15 minutes 50 seconds East 75.04 feet to a 5/8" iron rod set for corner; and

South 85 degrees 05 minutes 50 seconds East 2209.78 feet to a 5/8" iron rod set for corner at the Southeast corner of same, at the Northeast corner of the called 78.00 acre tract, in the West line of the Twin Lakes Dairy, L.P. 90.00 acre First Tract recorded in Volume 1251, Page 494, of the Van Zandt County Real Records, in the East line of the L.H. Thompson Survey, A-859, and in the West line of the John Watkins Survey, A-933;

THENCE SOUTH 00 degrees 05 minutes 50 seconds East along the East line of the called 78.00 acre tract, the East line of the L.H. Thompson Survey A-859, the West line of the John Watkins Survey, A-933, and the West line of the A.P. McWilliams Survey A-545, 1722.22 feet to the place of beginning and containing 74.408 acres of land of which 0.355 acre lies in the ROW of F.M. HWY. No. 1861.

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.**
- g. Right of Way Deed from J. W. and Willie Beth Black to Bethel-Ash Water Supply Corporation, dated August 26, 1980, recorded in Volume 1022, page 936, Deed Records of Van Zandt County, Texas.**
- h. Right of Way Deed from J. W. Black and Willie Beth Black to Bethel-Ash Water**

Supply Corporation, dated October 12, 1987, recorded in Volume 1286, page 615, Real Records of Van Zandt County, Texas.

- 5. Electric Line and Power Poles, as shown by plat prepared by Gearld A. Carter, Registered Professional Land Surveyor No. 1935, dated March 30, 1998.**
- 6. Lone Star Gas Pipeline at the Southeast corner of the above described land, as shown by plat prepared by Gearld A. Carter, Registered Professional Land Surveyor No. 1935, dated March 30, 1998.**

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.
- 7. 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.**
- 8. We will require a copy of the signed closing statement and/or disbursement sheet if file does not close in our office.**
- 9. Require Sellers/Owners to execute and Affidavit as to Debts and Liens in regards to Bankruptcy, Federal Tax Liens, Judgments, etc., on prescribed form.**
- 10. 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.**
- 11. We will require a 1099-S on all transactions involving a Sale.**
- 12. 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.

13. 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.
14. IF TRANSACTION CLOSES IN OUR OFFICE, WE WILL REQUIRE TWO FORMS OF IDENTITY FOR EACH PARTY. (EXAMPLE: DRIVER'S LICENSE AND SOCIAL SECURITY CARD.
15. 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.

16. 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.

17. 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.

18. 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. **24-106-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	\$0.00

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 30	4 467	5			

1946
UNITED STATES DEPARTMENT OF AGRICULTURE
Farmers Home Administration
RIGHT OF WAY EASEMENT (General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that J. W. Black et ux Willie Beth Black (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Beshel-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 78 acres of land, more particularly described in instrument recorded in Vol. 850, Page 219, 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.

J. W. Black
Willie Beth Black
J. W. BLACK
WILLIE BETH BLACK

ACKNOWLEDGEMENT

STATE OF TEXAS 0
COUNTY OF HENDERSON 0

BEFORE ME, the undersigned a Notary Public in and for said County and State, on this day personally appeared J. W. and Willie Beth Black 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.



Lera Nell Trent
Notary Public In and For

HENDERSON County, Texas

PALETYPE PRINTING CO.

FILED FOR RECORD THIS 5. DAY OF AUGUST, A.D. 19 80 AT 10:45 AM
STEVE SANDY, CLERK COUNTY COURT, VAN ZANDT COUNTY, TEXAS. BY J. W. Black DEPUTY

5144

R.O.W. Filed Possibly March of 1984

Form FmHA-Tx 442-9 (Rev. 7-85)

UNITED STATES DEPARTMENT OF AGRICULTURE FARMERS HOME ADMINISTRATION

RIGHT OF WAY EASEMENT (General Type Easement)

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KNOW ALL MEN BY THESE PRESENTS, that J.W. Black and Willie Beth Black (hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Bethel Ash Water Supply Corp. (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 water distribution lines and appurtenances over and across X 78 acres of land, more particularly described in instrument recorded in Vol. X 890, Page X 219, 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 pipe line(s) is installed, the easement herein granted shall be limited to a strip of land 15' in width the center line thereof being the pipe line as installed.

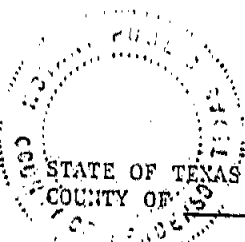
The consideration recited herein shall constitute payment in full for all damages sustained by Grantors by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from 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 October day of 12, 1987.

J.W. Black
Willie Beth Black

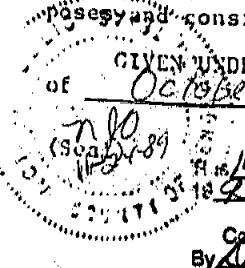
ACKNOWLEDGMENT



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 J.W. Black & Willie Beth Black 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 11th day of October, 1987.



FILED FOR RECORD 11th Day of July 1983 At 2:23 O'Clock P M Elizabeth Everitt County Clerk, Van Zandt Co, TX

Norma J. O'Neal Notary Public in and for Henderson County, Texas