

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Notice of Change in Water Right Ownership

RECEIVED

APR 15 2011

Department of Water Resources
Boise, Idaho

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column.

Water Right/Claim No.	Split?	Water Right/Claim No.	Split?	Water Right/Claim No.	Split?
34-13666 <i>OK</i>	Yes ☐		Yes ☐		Yes ☐
34-13668 <i>OK</i>	Yes ☐		Yes ☐		Yes ☐
34-13670 <i>OK</i>	Yes ☐		Yes ☐		Yes ☐
34-13672 <i>OK</i>	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐

2. Previous Owner's Name: Alan and Gail Paylor

SUPPORT DATA

Name of current water right holder/claimant

3. New Owner(s)/Claimant(s): Arlie and Vicki Keister

IN FILE # 34-13666

Name of each new owner as listed on the conveyance document

Arlie Keister

New owner continued

Name connector

☒ and

☐ or

☐ and/or

Vicki Keister

Mailing address

25800 AL HWY 251

AL

35773

City

State

ZIP

256 423-7241

akeister@ardmore.net

Telephone

Email

4. If the water rights and/or adjudication claims were split, how did the division occur?

- ☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.

5. Date you acquired the water rights and/or claims listed above: March 17, 2001

6. This form must be signed and submitted with the following **REQUIRED** items:

- A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
- Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
- Filing fee (see instructions for further explanation):
 - \$25 per *undivided* water right.
 - \$100 per *split* water right.
 - No fee is required for pending adjudication claims.

7. Signature: Arlie Keister
Signature of new owner/claimant

Title, if applicable

Date

11 Apr 2011

Signature: Vicki Keister
Signature of new owner/claimant

Title, if applicable

Date

11 April 2011

For IDWR Office Use Only:

Received by JRO

Date 4/18/2011

Receipt No. E036571

Receipt Amt. \$100.-

Approved by _____

Processed by _____

Date _____



Settlement Statement (HUD-1)

OMB Approval No. 2502-0265

A. Settlement Statement**First American Title Company
Final Statement****B. Type of Loan**

1-5. Loan Type: Conv. Unins.

6. File Number: 369960-8

7. Loan Number: 072316441001

8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(POC)" were paid outside this closing; they are shown here for informational purposes and are not included in the totals.

D. Name of Borrower: Arlie D Kelster, Vicki J Kelster
3264 North 3350 West, Moore, ID 83255

E. Name of Seller: Alan D. Paylor, T. Gail Paylor

F. Name of Lender: Northwest Farm Credit Services
P.O. Box 50030
Idaho Falls, ID 83405

G. Property Location: 3264 North 3350 West, Moore, ID 83255

H. Settlement Agent: First American Title Company (208)785-0320
Address: 168 West Pacific/P.O. Box 868, Blackfoot, ID 83221

Place of Settlement Address: 168 West Pacific/P.O. Box 868, Blackfoot, ID 83221

I. Settlement Date: 03/17/2011
Print Date: 03/17/2011, 11:30 AM
Disbursement Date: 03/18/2011
Signing Date:

J. Summary of Borrower's Transaction

100. Gross Amount Due from Borrower	
101. Contract Sales Price	240,000.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	5,332.48
104.	
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes	
107. County taxes	
108. Assessments	
109.	
110.	
111.	
112.	
113.	
114.	
115.	
120. Gross Amount Due from Borrower	245,332.48
200. Amounts Paid by or on Behalf of Borrower	
201. Deposit or earnest money	1,000.00
202. Principal amount of new loan(s)	180,000.00
203. Existing loan(s) taken subject	
204. Borrower Deposit from Northwest	24.15
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes	
211. County taxes 01/01/11 to 03/18/11 @\$1384.34/yr	288.25
212. Assessments	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. Total Paid by/for Borrower	181,312.40
300. Cash at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	245,332.48
302. Less amounts paid by/for borrower (line 220)	181,312.40
303. Cash (X From) (/ To) Borrower	64,020.08

K. Summary of Seller's Transaction

400. Gross Amount Due to Seller	
401. Contract sales price	
402. Personal property	
403. Total Deposits	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes	
407. County taxes	
408. Assessments	
409.	
410.	
411.	
412.	
413.	
414.	
415.	
420. Gross Amount Due to Seller	
500. Reductions in Amount Due to Seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes	
511. County taxes	
512. Assessments	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. Total Reduction Amount Due Seller	
600. Cash at Settlement to/from Seller	
601. Gross amount due to seller (line 420)	
602. Less reductions in amounts due seller (line 520)	
603.	

Previous editions are obsolete.

* See Supplemental Page for details. ** Paid on Behalf of Borrower.

POC-B (Borrower); POC-S (Seller); POC-L (Lender); POC-MB (Mortgage Broker).

The Public Reporting Burden for this collection of information is estimated at 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

L. Settlement Charges

File No. 369960-B

700. Total Real Estate Broker Fees		Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows:			
701.			
702.			
703. Commission paid at settlement			
704.			
800. Items Payable in Connection with Loan			
801. Our origination charge	\$3,175.00 (from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen	(from GFE #2)		
803. Your adjusted origination charges to Northwest Farm Credit Services	(from GFE A)	3,175.00	
804. Appraisal fee to Northwest Farm Credit Services	(from GFE #3)	500.00	
805. Credit report to Acranet - CBS Branch	(from GFE #3)	24.15	
806. Tax service to UPF Services, LLC	(from GFE #3)	70.00	
807. Flood certification to UPF Services, LLC	(from GFE #3)	10.87	
808.			
809.			
810.			
811.			
900. Items Required by Lender to Be Paid in Advance			
901. Daily interest charges from 03/18/11 to 04/01/11 @\$25.397300/day to Northwest Farm Credit Services	(from GFE #10)	355.56	
902.	(from GFE #3)		
903. Homeowner's insurance to Liberty Mutual Group	(from GFE #11)	295.00	
904.			
905.			
906.			
1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account	(from GFE #9)	0.00	
1002. Homeowner's insurance			
1003. Mortgage insurance			
1004. Property taxes 0 mo(s) @\$115.36/mo	\$0.00		
1005.			
1006.			
1007. Aggregate Adjustment			
1100. Title Charges			
1101. Title services and lender's title insurance	(from GFE #4)	833.50	
1102. Settlement or closing fee	\$387.50		
to First American Title Company			
1103. Owner's title insurance - First American Title Company	(from GFE #5)		
1104. Lender's title insurance - First American Title Company	\$404.00		
1105. Lender's title policy limit \$ 180,000.00			
1106. Owner's title policy limit \$ 240,000.00			
1107. Agent's portion of the total title insurance premium \$ 1,348.16			
to First American Title Company			
1108. Underwriter's portion of total title insurance premium \$ 183.84			
to First American Title Insurance Company			
1109.			
1110.			
1111.			
1112.			
1200. Government Recording and Transfer Charges			
1201. Government recording charges	(from GFE #7)	38.00	
1202. Recording fees: Deed \$13.00 Mortgage \$25.00 Release \$0.00			
1203. Transfer taxes	(from GFE #8)		
1204. City/county tax/stamps:			
1205. State tax/stamps:			
1206.			
1207.			
1208.			
1209.			
1210.			
1300. Additional Settlement Charges			
1301. Required services that you can shop for	(from GFE #6)	30.40	
1302. UCC Filing to CSC Corp	\$30.40		
1303.			
1304.			
1305.			
1306.			
1307.			
1308.			
1309.			
1310.			
1311.			
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)		5,332.48	

* See Supplemental Page for details.

** Paid on Behalf of Borrower.

POC-B (Borrower); POC-S (Seller); POC-L (Lender); POC-MB (Mortgage Broker).

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges

Charges That Cannot Increase		HUD-1 Line Number
Our origination charge	#	801
Your credit / charge (points) for the specific interest rate chosen	#	802
Your adjusted origination charges	#	803
Transfer taxes	#	1203

Good Faith Estimate	HUD-1
3,275.00	3,175.00
0.00	
3,275.00	3,175.00
0.00	

Charges That in Total Cannot Increase More Than 10%

Government recording charges	#	1201
Appraisal fee	#	804
Credit report	#	805
Tax service	#	806
Flood certification	#	807
Title services and lender's title insurance	#	1101
UCC Filing	#	1302
	#	

Good Faith Estimate	HUD-1
68.00	38.00
500.00	500.00
24.15	24.15
70.00	70.00
10.87	10.87
782.50	833.50
0.00	30.40

Total

Increase between GFE and HUD-1 Charges

1,435.52	1,506.92
\$71.40	or 4.9738%

Charges That Can Change

Initial deposit for your escrow account	#	1001
Daily interest charges	#	901 @ \$25.397300/day
Homeowner's insurance	#	903
	#	
	#	

Good Faith Estimate	HUD-1
1,692.00	0.00
355.56	355.56
0.00	295.00

Loan Terms

Your initial loan amount is	\$ 180,000.00
Your loan term is	15 years
Your initial interest rate is	5.1500 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,437.53 includes ☒ Principal ☒ Interest ☐ Mortgage Insurance
Can your interest rate rise?	☒ No. ☐ Yes, it can rise to a maximum of 0.0000%. The first change will be on and can change again every after. Every change date, your interest rate can increase or decrease by 0.00000%. Over the life of the loan, your interest rate is guaranteed to never be lower than 0.0000% or higher than 0.0000%.
Even if you make payments on time, can your loan balance rise?	☒ No. ☐ Yes, it can rise to a maximum of \$ 0.00.
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	☒ No. ☐ Yes, the first increase can be on and the monthly amount owed can rise to \$ 0.00. The maximum it can ever rise to is \$ 0.00.
Does your loan have a prepayment penalty?	☒ No. ☐ Yes, your maximum prepayment penalty is \$ 0.00.
Does your loan have a balloon payment?	☒ No. ☐ Yes, you have a balloon payment of \$ 0.00 due in 0 years on .
Total monthly amount owed including escrow account payments	☐ You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. ☒ You have an additional monthly escrow payment of \$ 139.69 that results in a total initial monthly amount owed of \$ 1,577.22. This includes principal, interest, any mortgage insurance and any items checked below: ☒ Property taxes ☐ Flood insurance ☐ ☐ ☒ Homeowner's insurance ☐ ☐ ☐

Note: If you have any questions about the Settlement Charges and Loan Terms listed on this form, please contact your lender.

Supplemental Page
HUD-1 Settlement Statement

File No.
369960-B

First American Title Company
Final Statement

Loan No.
072316441001

Settlement Date:
03/17/2011

Borrower Name & Address: Arlie O Keister, Vicki J Keister
3264 North 3350 West, Moore, ID 83255

Seller Name & Address: Alan D. Paylor, T. Gail Paylor

The following Section is restated from the Settlement Statement Page 1

40. Cash at Settlement from/to Borrower		600. Cash at Settlement to/from Seller	
1. Gross amount due from borrower (line 120)		601. Gross amount due to seller (line 420)	
2. Less amounts paid by/for borrower (line 220)	245,332.48	602. Less reductions in amounts due seller (line 520)	
3. Cash (X From) (To) Borrower	181,312.40		
	64,020.08	603.	

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and distributions made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

BUYER(S):

Arlie D. Keister
Arlie D Keister

Vicki J. Keister
Vicki J Keister

The HUD-1 Settlement Statement which I have prepared is a true & accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

First American Title Company

By Settlement Agent:

Lori Day _____ Date: _____

RECORDING REQUESTED BY
First American Title Company

AND WHEN RECORDED MAIL TO:
First American Title Company
168 West Pacific/P.O. Box 868
Blackfoot, ID 83221

NO. **0048499**
RECORDED

MAR 21 2011

11:49 A.M. *PM.*
BUTTE COUNTY RECORDER
Kim Hamill

Space Above This Line for Recorder's Use Only

WARRANTY DEED

File No.: **369960-B (Id)**

Date: **March 14, 2011**

For Value Received, **Alan D. Paylor and T. Gail Paylor, who acquired title as husband and wife, now both unmarried persons**, hereinafter called the Grantor, hereby grants, bargains, sells and conveys unto **Arlie D Keister and Vicki J Keister, husband and wife**, hereinafter called the Grantee, whose current address is **3264 North 3350 West, Moore, ID 83255**, the following described premises, situated in **Butte County, Idaho**, to-wit:

Township 5 North, Range 26 E.B.M., Butte County, Idaho
Section 21: N $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$

SUBJECT TO all easements, right of ways, covenants, restrictions, reservations, applicable building and zoning ordinances and use regulations and restrictions of record, and payment of accruing present year taxes and assessments as agreed to by parties above.

TO HAVE AND TO HOLD the said premises, with its appurtenances, unto the said Grantee, and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

Date: 03/14/2011

Warranty Deed
- continued

File No.: 369960-B (Id)

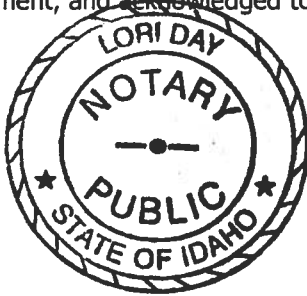

Alan D. Paylor

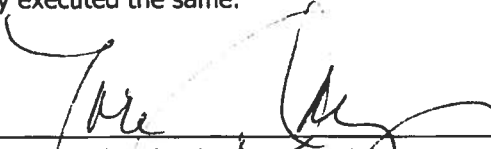

T. Gail Paylor

STATE OF Idaho)
SS.

COUNTY OF Bingham)

On this 17th day of March, 2011, before me, a Notary Public in and for said State, personally appeared **Alan D. Paylor**, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same.

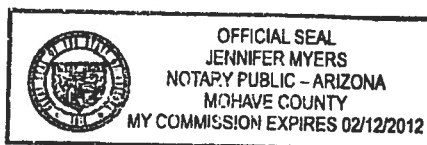


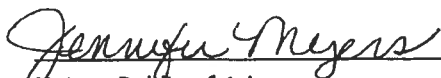

Notary Public for the State of Idaho
Residing at: Blackfoot, Idaho
My Commission Expires: 11/27/2016

STATE OF Arizona)
SS.

COUNTY OF Mohave)

On this 15 day of March, 2011, before me, a Notary Public in and for said State, personally appeared **T Gail Paylor**, known or identified to me to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged to me that she executed the same.




Notary Public of Arizona
Residing at: 1039 Roadrunner Dr. BHC, AZ 86442
Commission Expires: 2-12-12



OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded

in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

First American Title Insurance Company

BY  PRESIDENT

ATTEST  SECRETARY

Countersigned: 



SCHEDULE A

First American Title Insurance Company

**First American Title Company
168 West Pacific/P.O. Box 868
Blackfoot, ID 83221**

File No.: **369960-B**
Address Reference: **3264 North 3350 West Moore, ID
83255**

Policy No.: **369960-B**

Amount of Insurance: **\$240,000.00**
Date of Policy: **March 21, 2011 at 11:50 a.m.**

Premium: **\$1,128.00**

1. Name of Insured:
Arlie D Keister and Vicki J Keister
2. The estate or interest in the Land that is insured by this policy is:
Fee Simple
3. Title is vested in:
Arlie D Keister and Vicki J Keister, husband and wife
4. The Land referred to in this policy is described as follows:
**Township 5 North, Range 26 E.B.M., Butte County, Idaho
Section 21: N½S½NE¼**

SCHEDULE B

File No. 369960-B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title including discrepancies, conflicts in boundary lines, shortage in area, or any other facts that would be disclosed by an accurate and complete land survey of the land, and that are not shown in the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any lien, or rights to a lien, for services, labor or materials theretofore or hereafter furnished, imposed by law and not shown by the public records.
7. 2010 taxes are one-half paid. The balance is due and payable. 2011 taxes are an accruing lien, not yet due and payable.
8. Levies and assessments of Big Lost River Irrigation District.
9. Easement for right of way granted to Butte, recorded , in Book 22 of Deeds, Page 262.
10. Electric Service Irrigation Agreement upon the terms, conditions and provisions contained therein:
Parties: Lost River Electric Cooperative and Sam A. and Carol Renee Jackson
Recorded: September 21, 1992, Instrument No. 26200
11. Right-of-way or easement of 3350 West.
12. Mortgage and Fixture Filing dated March 17, 2011, to secure an original indebtedness of \$180,000.00, and any other amounts and/or obligations secured thereby.
Recorded: March 21, 2011, as Instrument No. 48500
Mortgagor: Arlie D. Keister and Vicki J. Keister, husband and wife
Mortgagee: Northwest Farm Credit Services, FLCA

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in

Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently. (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

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

- (a) **To Pay or Tender Payment of the Amount of Insurance.**
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) **To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.**
 - (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
 - (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs,

attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.
If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

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. 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.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at 1 First American Way, Santa Ana, CA 92707, Attn: Claims Department.

POLICY OF TITLE INSURANCE





First American

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet. In general, you can visit First American or its affiliates Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.