



Monday, October 1, 2012

4:30 PM - 6:00 PM

603 – Risks in Acquiring International Real Estate and Managing a Foreign Acquisition or Disposition

Craig Harmon

Attorney at Law

McGuireWoods LLP

Jason Maxwell

Corporate Counsel

Hines

George L. Miller

SVP, General Counsel and Secretary

Sigma-Aldrich Corporation

Rodolfo Rivera

International Major Claims Counsel

Fidelity National Title Group

Faculty Biographies

Craig Harmon

Craig Harmon is a partner at McGuire Woods, LLP, where he has practiced in the real estate department for more than 25 years. His practice has encompassed many facets of the commercial real estate industry, with a focus on acquisition, development and financing. Mr. Harmon routinely represents developers as well as investors (debt and equity). Since the late 1980's, his practice has included a substantial focus on international transactions, and he has worked on matters in most European countries, nearly all Central American countries and a variety of jurisdictions in the Caribbean Basin. Representations in these areas have covered the spectrum from raw land investments in developing countries to acquisition and disposition of operating business units of large multinational companies in industrialized nations. The industry sectors in which Mr. Harmon has represented clients in ex-US transactions include heavy industrials, food and beverage, hospitality, aquaculture, and large-scale residential development. His work has included several extended in-country engagements in Belgium, Jamaica and Honduras.

Though he practices mainly out of the McGuire Woods offices in Richmond, VA, Mr. Harmon spends significant time in the firm's New York offices. A native of Memphis, TN, Mr. Harmon received his undergraduate degree from University of Tennessee, and his JD from Emory University, where he was managing editor of the law review.

Jason Maxwell

Jason Maxwell is the corporate counsel for Hines in Houston, TX. As the sole in-house attorney, he primarily serves the legal needs of Hines' largest private and its public funds: the US Core Office Fund, Hines REIT and Hines Global REIT.

Hines is a real estate firm involved in real estate investment, development and property management worldwide. With offices in 110 cities in 18 countries, and controlled assets valued at approximately \$22.9 billion, Hines is one of the largest real estate organizations in the world, and is a recognized world leader in sustainable real estate strategies and green building rating systems such as LEEDs.

Since his arrival, he has led the legal negotiation and successful acquisition of 71 Class A office, logistics, retail and other real estate assets with an aggregate purchase price of \$6.35 billion, as well as the disposition of seven investments totaling \$1.3 billion in the U.S., Russia, Australia, United Kingdom and Poland. He also oversees the corporate governance activities for the funds' public boards and provides counsel with respect to funds' ongoing portfolio management matters (a portfolio with 86 assets worth \$8.2 billion covering 33.5 million square feet).

Prior to Hines, he was a corporate and securities partner in the Dallas office of Locke Liddell & Sapp (n/k/a Locke Lord), and a member of that firm's nationally regarded REIT team. He was the founding chairman of the ACC's Real Estate Law Committee, and is a graduate of the Georgetown University Law Center.

George L. Miller

George Miller is the senior vice president, general counsel and secretary at Sigma-Aldrich Corporation, a global life sciences company where he directs the following functions: legal, intellectual property, ethics & compliance, risk management, environmental, health & safety, sustainability and government relations.

Prior to joining Sigma-Aldrich, Mr. Miller was with Novartis, the Swiss-based pharmaceutical and healthcare multinational, in a number of senior legal function roles including deputy general counsel and head of group legal based in Basel, Switzerland, executive vice president and general counsel Americas, general counsel of the global consumer health division and general counsel Japan. He joined Novartis from FedEx, where he was managing director and regional counsel based in Tokyo. Mr. Miller was in private practice with the Tokyo-based firm now known as Anderson Mori Tomotsune and with the Hawaii-based firm Carlsmith Ball.






He is a graduate of Georgetown University Law Center. Mr. Miller holds an advanced management program certificate from INSEAD, a MBA from the Thunderbird, School of Global Management and a BA from the University of St. Thomas in St. Paul, Minnesota.

Rodolfo Rivera


Rodolfo Rivera is currently international major claims counsel for Fidelity National Title Group. Mr. Rivera manages all title claims outside of the United States. He was also responsible for implementing a business model that allowed Fidelity to service its existing customer base in over 50 countries. He was one of the key team members responsible for opening Fidelity's Mexico operation as well as restructuring Fidelity's Puerto Rico operations. His responsibilities include working with foreign counsel mitigating risk on real estate acquisition.

Prior to joining Fidelity National Title Group, Mr. Rivera was in private practice representing clients throughout Latin America and the Caribbean. Mr. Rivera is a graduate of Ohio Northern University and St. Louis University School of Law. At St. Louis University, he served as assistant managing editor of the *St. Louis University Law Review*. Mr. Rivera also studied international law at The Hague.


ACC'S ANNUAL MEETING
2012 ORLANDO
SEPT 30-OCT 3
WHERE IN-HOUSE COUNSEL CONNECT



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Pubic Registries


- Torrens System
- Cadastre
- Lis Pendens

- Previously Unregistered Title
- Risk not found in the record
- Gap periods between purchase and recordation
- Rights of Bona Fide Purchasers
- Government guarantee of title
- How much due diligence is enough


ACC'S ANNUAL MEETING
2012 ORLANDO
SEPT 30-OCT 3
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Common Real Estate Investment Strategies

- SPV's
- Joint Venture with Local
- Tax considerations
- Role of the In-house Counsel
- Role of outside counsel


ACC'S ANNUAL MEETING
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SEPT 30-OCT 3
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Attorney Title Searches

- Can not protect against fraud or forgery
- Most opinions have a disclaimer clause
- Back up documentation should be included
- Search 50 years back or longer
- Search other registries
- Physical inspection of the property

ACC'S ANNUAL MEETING
2012 ORLANDO
SEPT 30-OCT 3
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Negotiating the sale or purchase of foreign real estate

- Differences between U.S. and foreign purchases
- Use of Powers of Attorney
- Closing practices
- Notaries and Apostilles
- Due diligence other than real estate matters
- Sale Agreements
- Real estate inventory

ACC'S ANNUAL MEETING
2012 ORLANDO
SEPT 30-OCT 3
WHERE IN-HOUSE COUNSEL CONNECT




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ACC Association of
Corporate Counsel

Managing subsidiaries with which own real estate

- Holding companies
- Monitoring inventory of real estate
- The role of the general counsel
- Selling the property or the subsidiary?
- Strategies

ACC'S ANNUAL MEETING
2012 ORLANDO
SEPT 30-OCT 3
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Corporate Counsel

The Team

- US Legal (In-House and/or Outside Counsel)
- Foreign Attorney
- Brokers
- Accounting/Consulting (US-Based)
- Local Facilitators
 - Engineers
 - Environmental Consultants
 - Others
- Political Tapes

ACC'S ANNUAL MEETING 2012 ORLANDO
SEPT 30-OCT 3
WHERE WE MEET, LEARN, CONNECT



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ACC Association of Corporate Counsel

Threshold Issues

- Foreign Ownership Limitations
 - Trusts/Local Partners
 - Multiple Corporate Layers
- Language/Choice of Law
 - English versions – convenience or enforceable versions
 - Choice of Law
- Currency Issues
- OFAC



International
Risk Mitigation for
Property Acquisition
& Mortgage Finance

FNF Title International Holding Company Due Diligence Checklist

Title

- Provide the exact name(s) of all parties holding an interest in title, including Fee or Absolute Title, Beneficial Interests, Fiduciary Interests, Option Holders etc.
- Set forth the type of document vesting title in the holder(s) of record (i.e. deed, trust document, etc.).
- The report should also disclose any amendments to deeds, trusts, etc. and any information which is pertinent to the vesting of legal and/or beneficial title.
- Provide certified copies of Certificates of Title issued by the public registry.
- Provide certified copies of documents from other registries that may affect title.

Chain of Title

- Search chain of title be searched for a minimum of 50 years.
- List of conveyances from one party to the next from the 1940's or before to the present owner.
- The chain of title should fully describe all conveyancing documents, encumbrancing documents, subdivision of the property, declarations or regimes created affecting the property and all parties thereto.
- Look for marginal notes or other indications of third parties having an interest in legal and/or beneficial title.
- If a 50 year search cannot be completed an explanation should be provided.
- Explanation as to why any documents within the chain of title that could not be reviewed.

Legal Description

- Include a metes and bounds description or other description taken from the last deed or conveyance document of record.
- Irregularities or discrepancies, if any, in the legal description should be discussed.

Encumbrances

- List of liens and encumbrances.
- List of any liens that are evidenced by marginal notes or by any other means.
- List any past and pending lawsuits that affect or may affect the owner or other party with an interest in the property. Attach a copy of the pleadings, judgments or orders.
- Explanation of liens and/or encumbrances that are not contained in the record.

Real Estate Taxes and Prior Mortgages

- Provide documents from the local taxing authority or the local municipality showing proof that the taxes have been paid and no taxes are owing.
- Provide documents that any prior mortgages on the real estate have been released or satisfied.

General matters

- List and describe all liens, matters or interests affecting title of which the searching person conducting the search has knowledge.
- Such items should include boundary line disputes, encroachments, easements, condominium regimes, declarations, etc.
- Indicate if the property abuts a public road and therefore has direct access to a public road.
- Provide copies of any documents referenced in the title search/opinion.

Fidelity National Title Country Due Diligence Template

A. Name of Country:**B. Date:****C. Public Records:**

1. Where are the land records kept?
 - a. Is it a central repository for the entire country?
 - b. Is it a group of repositories, *e.g.*, maintained by each political subdivision of the country?
2. Does the repository record copies of transfer and charges documents and make them available for inspection, or does it only issue and keep a certificate of the title that refers to the documents?
3. Describe the process for registering or recording transactions?
4. Who normally conducts a search and examination of title for conveyancing and financing?
5. Can we conduct a complete search in a single repository, or are there separate sub-repositories for certain records, *e.g.*, deeds, mortgages, leases or judgments?
6. Describe any local convention for the time frame (*e.g.*, 40 years, 60 years, etc.) of a real estate title search?
7. Is a minimum 50 year search practical in this country?
8. Describe any form of personal property security interest that can affect real estate interests?
9. What is the legal effect of the records in the repository on third parties?

D. Land Holding Entities:

1. List the forms of business organizations and other entities that are competent to hold title to real estate in the country.
2. List any organizations that cannot hold title in its own name (*e.g.*, in most US jurisdictions, trusts must hold title in the name of a trustee)?
3. Does the jurisdiction recognize entities organized in foreign jurisdictions as competent to hold title to land?
4. Describe any restrictions on the capacity of an alien individual or entity to hold or use land?
5. Describe the formalities for an individual's execution of an instrument conveying title or a mortgage interest?
6. Describe the formalities for an entity's execution of an instrument conveying title or a mortgage interest?
7. Does a merger, consolidation, conversion or reorganization of an entity affect its title to an estate or interest in land?

Fidelity National Title Country Due Diligence Template

E. Estates in Land:

1. Describe all forms of land ownership.
 - a. Does ownership include title to buildings and structures?
 - b. Can ownership of buildings or structures be severed from ownership of the ground beneath the building or structure?
2. Describe all forms of servitudes or easements.
3. Describe all forms of leasehold estates.
4. Describe all forms of revocable license interests.
5. What are the requirements for establishing title through possession?
6. Is land typically described by marked maps, written legal descriptions or both in this jurisdiction?
7. Describe any categories of land subject to inherent rights of the public or the government.
8. Is compliance with building codes, building permits, land use permits, etc., from governmental institutions considered matters of "title"?

F. Transaction Documents:

1. Describe the form of document for conveying an interest in land.
2. Do conveyances usually include warranties of title, and, if so, what warranties are typical?
3. Describe the forms of document for conveying mortgage, security interest or lien in land.
4. What execution formalities are necessary for a document to be registered or recorded?
5. Can mortgages secure obligations other than an obligation to repay indebtedness; *e.g.*, guarantee or indemnity obligations?
6. What is the rule for priority of future advances secured by a mortgage?
7. Describe the process for mortgage loans that are used to finance construction on the site?
8. What are the procedures for releasing mortgage and other liens on the land?
9. Mortgage assignments:
 - a. Do financial institutions trade debt obligations by assignment of a note or mortgage?
 - b. Are notices of assignments of the debt or mortgage placed in the records or certificate of title?
 - c. What constitutes satisfactory evidence of the ownership of a debt obligation?

Fidelity National Title Country Due Diligence Template

10. How can a mortgage be subordinated to another lien interest?

11. Mortgage default remedies:

- a. Are mortgage foreclosures the typical remedy for defaults, or only used as a last resort?
- b. Do lenders typically require guarantors?
- c. How long does the procedure for foreclosures usually take?
- d. Does the mortgagor have a right to redeem after foreclosure?
- e. If there is a right to redeem, how long does the right last?
- f. Do subordinate creditors have a right to redeem?
- g. How are liens released when the debt has been satisfied?

G. Closing Transactions:

1. Describe the process of transferring real estate and identify roles that a title insurer may play in that process.
2. Describe how money is escrowed and transferred in real estate transactions.

H. Title Insurance

1. Are there any domestic companies that insure any aspect of title in the country?
2. Which international companies have insured title in the country?
3. Is there any evidence that "identified risk" title insurance has been issued in the country?
 - a. Provide a copy of a policy, if possible.
 - b. Typical defective title risks, and proposed underwriting solutions for them.
 - c. Typical restrictive covenant risks and underwriting solutions for them.
 - d. Typical access risks and proposed underwriting solutions for them.
 - e. Typical commons title risks and proposed underwriting solutions for them.
 - f. Typical land restitution title risks and proposed underwriting solutions for them.
4. Is there any evidence that ALTA format title insurance has been issued in the country?
 - a. Provide a copy of a policy, if possible.
5. Is there any national legislation or regulations that we should consider for the Exclusions from Coverage in any policy in the country?

I. Real Estate Laws:

1. Adverse possession or prescription of title
 - a. Does the real estate law recognize acquisition of title by

Fidelity National Title Country Due Diligence Template

- possession for a defined period?
 - b. How long must a party be in possession to take title?
 - c. What other elements are necessary to establish title?
2. Assessments
- a. Do any governmental or quasi-governmental assessments create a lien on real estate?
 - b. If so, do the assessment liens appear in a standard title search?
3. Bankruptcy, receivership, or other creditors' rights laws
- a. Give an overview of bankruptcy or receivership proceedings where the debtor owns real estate.
 - b. What is the exposure on appeals?
 - c. Does the jurisdiction allow upsetting transfers of real estate as a result of :
 - i. A violation of an automatic stay
 - ii. A statutory fraudulent transfer or conveyance where the price for an interest is inadequate.
 - iii. A preferential transfer that places a lender in a better position without adequate compensation.
 - iv. Any other cause of action that might affect title to land.
 - d. How do title searchers and examiners research creditors' rights proceedings?
4. Common interest communities
- a. Describe any title issues that may arise from the development or operation of multi-family residential projects.
 - b. Are there mixed commercial, industrial or residential use projects in this country?
5. Decedent's estates
- a. Administration of estates
 - b. Order of descent
 - c. Estate or inheritance tax liens that become a lien on real property
6. Doing business laws
- a. Requirements to qualify to do business for holding title to land
 - b. Requirements to qualify to do business for holding a mortgage on land
 - c. Exemptions from doing business requirements.

Fidelity National Title Country Due Diligence Template

7. Easements, conditions, restrictions, covenants, servitudes, structure encroachments and usufructs.
 - a. Describe how these forms of non-lien encumbrances are created on land titles.
 - b. Can we ignore potential encumbrances that are not on a title certificate or not in a recorder's office?
 - c. Is there any form of constructive notice as a result of a visible presence on the land, even if there is no record of the interest?
 - d. How should we except to these encumbrances in the policy?
8. Eminent Domain
 - a. Does the country have a right to take title to all or a portion of land for public purposes?
 - b. What forms of notice warn third parties that an eminent domain proceeding is imminent or pending?
9. Interest
 - a. Can a lender charge interest in compensation for lending money?
 - b. Are variable interest rates allowed?
 - c. Is negative amortization allowed?
 - d. Is participating or shared appreciation interest allowed?
 - e. What are the usury rules?
 - f. Are there usury exemptions?
10. Judgments and non-mortgage liens
 - a. How are judgments imposed as liens on real estate?
 - b. Does the country allow liens for services, labor or materials to be imposed on land by suppliers of those services, labor or materials?
 - i. Who is entitled to such a lien?
 - ii. What are the requirements for asserting a lien?
 - iii. What priority do such liens have with respect to existing mortgages and other liens on the land?
 - iv. What are the limitations periods for asserting the liens and filing proceedings to enforce the liens?
 - v. How are the liens released?
 - c. Are there any significant administrative liens that may be filed against the land, for example, to reimburse government for environmental cleanup expenses?
 - d. Does the country allow liens to secure payment of real estate

Fidelity National Title Country Due Diligence Template

brokers or other professionals involved in conveyancing or development of the land?

11. Legal proceedings

- a. Are third parties charged with notice of legal proceedings affecting the title to the land even if the third party is not joined in the proceeding and there is no notice of it in the land registry or recorder' office.
- b. Is there any form of notice equivalent to "*lis pendens*."

12. Marital estates and rights

- a. Does the country recognize an interest in land by virtue of marriage to the holder of title
- b. What rights does a married person have in the lands owned by his or her spouse?

13. Mineral, oil gas, subsurface and water rights

- a. Does the country recognize separate estates in the surface of the land and subsurface interests in minerals, oil, gas or water?
- b. Do searches for mineral, oil, gas and water interests differ from standard title searches?

14. Options, rights of first refusal (pre-emptive rights) and rights of prior approval

- a. Do the recording or registry acts recognize options as an interest in land?
- b. Do the recording or registry acts recognize rights of first refusal or rights of prior approval as interests in land?
- c. Can options, or other interests granted to a mortgagee, be invalidated as a "clog on the borrower's equity of redemption" or any other principle

15. Personal property

- a. How is personal property (movables) distinguished from real property (immovables)?
- b. How are fixtures treated?
- c. Is there a process for securing obligations on personal property similar to Article 9 of the UCC in the US?

16. Powers of attorney

- a. Are powers of attorney recognized for real estate transactions?
- b. Who may act as attorney-in-fact?
- c. Are powers of attorney effective even if the maker of the power is

Fidelity National Title Country Due Diligence Template

- incapable of acting (durable powers)?
 - d. Are there specific forms for powers of attorney?
 - e. Are powers of attorney recorded or submitted to a registry in a transaction?
17. Rule against perpetuities
- a. Is there a law that applies to the vesting of a future interest in land within a specified period of time?
 - b. If there is a law, is there also a “wait and see” rule to determine if the law is violated?
 - c. What is the remedy for a violation of the law?
18. Registration or recording
- a. If available in English, attach a copy of the registration or recording acts.
 - b. Is “constructive notice” or a similar concept recognized? If so describe the concept.
 - c. What are the registration or recording taxes for:
 - i. Deeds or conveyancing documents
 - ii. Mortgages or security instruments
 - iii. Leases
 - iv. Transfers of shares in an ownership entity
 - v. Any other charges
19. Taxes
- a. Is ownership of real estate taxed?
 - b. If taxed, does the tax constitute a lien on the land, and when does that lien attach?
 - c. Are there tax liens for income, estate, inheritance, sales or any other form of taxes?
 - d. How are tax liens and potential tax liens managed in real estate transfers?
20. Wetlands, water, water rights and riparian rights
- a. Are there regulations for the preservation of wetlands?
 - b. What rights do landowners have in rivers and streams bordering their land?
 - c. What rights do landowners have in lakes and seas bordering their land?
 - d. What rights do landowners have in underground water sources and

Fidelity National Title Country Due Diligence Template

aquifers.

21. Zoning and land use

- a. What land use regulation and permitting should we expect?
- b. Is land use permitting considered a “title” issue?

INTERNATIONAL OWNER'S TITLE INDEMNITY POLICY

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Any notice of claim and any other notice or statement in writing required to be given to FIDELITY NATIONAL TITLE INSURANCE COMPANY (the "Company") under this Policy must be given it at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE CONDITIONS, AND PAYMENT OF THE PREMIUM AND CHARGES FOR THIS POLICY, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a corporation domiciled in the State of California, United States of America, agrees to indemnify the Policyholder, as of Date of Policy against loss or damage, not exceeding the Indemnity Amount, sustained or incurred by the Policyholder 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 indemnification against loss from a defect in the Title caused by*
 - (a) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;*
 - (b) failure of any person or Entity to have authorized a transfer or conveyance;*
 - (c) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;*
 - (d) a document executed under a falsified, expired, or otherwise invalid power of attorney;*
 - (e) a document not properly filed, recorded, or indexed in the Public Records; or*
 - (f) a defective judicial or administrative proceeding.*
3. *No legal right of access to and from the Land.*
4. *The violation or enforcement of any Law, (including Laws 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 protection*

if 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.
5. *The exercise of the rights of eminent domain or expropriation if a notice of the exercise describing any part of the Land, is recorded in the Public Records.*
6. *Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.*

The Company will also pay the costs, legal fees, and expenses incurred in defense of any matter for which the Company is liable to indemnify the Policyholder for loss or damage under this Policy, but only to the extent provided in the Conditions.

CONFIDENTIALITY

Policyholder agrees that this Policy of Title Indemnity, including any Proposals or Commitment issued by the Company, and any title and mortgage search, legal report or opinion, and underwriting information prepared by or for the Company, in connection with this Policy (collectively, the "Policy Documents"), are confidential and proprietary, and the Policyholder agrees to hold the Policy Documents in confidence and will not, without the prior written consent of the Company, disclose any Policy Documents in any manner whatsoever, in whole or part. If the Company is prejudiced by a disclosure by the Policyholder of any of the Policy Documents in violation of this provision, the Company's obligations to the Policyholder under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

Fidelity National Title Insurance Company



BY

[Handwritten Signature]
President

ATTEST

[Handwritten Signature]
Secretary

FIDELITY NATIONAL TITLE INSURANCE COMPANY

711 Third Avenue, Suite 500
New York, NY 10017

SCHEDULE A

DECLARATIONS

Fidelity National Title Insurance Company
711 Third Avenue, Suite 500
New York, New York 10017

Policy No.:	Indemnity Amount :	\$
	Premium:	\$

Date of Policy:

1. Name of Policyholder:
2. The estate or interest in the Land indemnified by this policy is:
3. Title is vested in:
4. The Land referred to in this policy is described as follows:

Countersigned by:

Authorized Agent or Officer

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

SCHEDULE B**SPECIFIC EXCLUSIONS FROM COVERAGE**

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

1. Taxes or assessments which are not shown as existing liens by the records.
2. Any persons or parties in possession not disclosed by Public Records.
3. Discrepancies, conflicts in boundary lines, encroachments, or any other facts which a correct survey would disclose.
4. No insurance is afforded as to the exact square meters and/or acreage contained in the Land described herein.
5. Subsurface or subsoil estate or rights in the Land, together with the oil, gas, stones, any fossil substances, minerals, deposits, products, petroleum, hydrocarbons, and other substances, and related rights to use the surface, or subsidence caused by the exercise of such rights; natural servitudes; air rights or air space owned by the country in which the Land is located or those claiming under the country in which the land is located.
6. Water rights, claims, or title to water, whether or not shown by the Public Records.
7. Riparian rights, any rights of ownership in submerged lands, filled-in-lands or the beds, coasts, or banks of streams, rivers, tidelands, sea coast, foreshore, beach, lakes, lagoons, estuaries, tributaries, ravines, and springs.

GENERAL 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, legal fees, or expenses that arise by reason of:

1. (a) Any Law (including Laws relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land; or
 - (ii) the character, dimensions or location of any improvement erected on the Land; or
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these Laws. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 4.
 - (b) Any governmental police power.
2. Rights of eminent domain, expropriation, nationalization, resumption or similar rights conferred by Law unless notice of the exercise of the right has been recorded, filed or registered in the Public Records at Date of Policy. This Exclusion does not modify or limit the coverage provided under Covered Risks 5 or 6.
3. Defects, Liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed, or agreed to by the Policy Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Policy Claimant and not disclosed in writing to the Company by the Policy Claimant prior to the date the Policy Claimant became an Policyholder under this policy;
 - (c) resulting in no loss or damage to the Policy Claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage that would not have been sustained if the Policy Claimant had paid value for the Title.
4. Any claim that arises under bankruptcy, insolvency or similar creditors' rights Laws
5. Claims by indigenous, aboriginal native or similar groups or persons based solely upon their status as a member or representative of one or more of these groups.
6. War, insurrection, riot, civil unrest, act of a public enemy, epidemic, quarantine restriction, governmental restriction, nationalization, acts of God, or other similar causes beyond the reasonable control and without the fault of the Company.
7. Any claim: (a) against the Title brought outside of the country where the Land is located; or (b) relating to the interpretation or enforcement of this policy brought in a jurisdiction other than as specified in Section 17 of the Conditions.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(b) "Entity": A corporation, limited company, partnership, trust, limited liability company or partnership, or other similar legal entity.

(c) "Indemnity Amount": The maximum indemnity obligation of the Company under this policy stated in Schedule A, as it 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

(d) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to a Policyholder by reason of the Public Records or any other records that impart notice of matters affecting the Title.

(e) "Land": the land described or referred to in Schedule A, and buildings, fixtures, immovables and other improvements affixed on the Land at Date of Policy that by law constitute a part of real property. The term "land" does not include any of the following:

(i) property beyond the lines of the area described or referred to in Schedule A,

(ii) any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit Covered Risk 3.

(f) "Law": any governmental power, burden, requirement, restraint or regulation, whether created or resulting from legislative act, ordinance, governmental by-law, decree, or otherwise

(g) "Lien": a lien, charge, privilege, obligation, attachment or other security interest on the Title.

(h) "Mortgage": Mortgage, hypothecation, pledge, deed of trust, trust deed, or other security instrument that creates a lien on the Title.

(i) "Policy Claimant": A Policyholder claiming loss or damage.

(j) "Policyholder": The Policyholder named in Schedule A.

(i) The term "Policyholder" also includes

(A) successors to the Title of the Policyholder by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to a Policyholder by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to a Policyholder by its conversion to another kind of Entity;

(D) a grantee of a Policyholder under a deed delivered

International Owner's Policy (Aug. 2011)
Fidelity National Title Insurance Company

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 Policyholder,

(2) if the grantee wholly owns the named Policyholder,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Policyholder, provided the affiliated Entity and the named Policyholder are both wholly-owned by the same person or Entity, or

(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 Policyholder.

(k) "Public Records": the deed registry, cadastral office or those records in offices or registries maintained by authority of a governmental agency in which conveyances of the title to land and mortgages and encumbrances on that title must be registered, recorded, inscribed or filed either to establish their validity or to give notice to potential purchasers of the land of their existence.

(l) "Register". To inscribe, register, make application to inscribe, register, record or file in the Public Records.

(m) "Title": The estate or interest in the Land described in Schedule A.

2. CONTINUATION OF INDEMNITY OBLIGATION

The obligation of the Company under this policy shall continue in force as of Date of Policy in favor of a Policyholder, but only so long as the Policyholder retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Policyholder, or only so long as the Policyholder shall have liability by reason of warranties in any transfer or conveyance of the Title. The Company has no obligation or liability under this policy to a purchaser from the Policyholder of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Policyholder.

3. NOTICE OF CLAIM TO BE GIVEN BY POLICY CLAIMANT

The Policyholder shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions or (ii) in case Knowledge shall come to a Policyholder of any claim of title or interest that is

adverse to the Title, as indemnified, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Policy Claimant to provide prompt notice, the Company's liability to the Policy 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 Policy Claimant furnish a signed proof of loss. The proof of loss must describe the defect, Lien, encumbrance, or other matter that the Company is liable to indemnify the Policyholder for loss or damage under 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 Policyholder, 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 a Policyholder in any action or proceeding in which any third party asserts a claim covered by this policy adverse to the Policyholder. This obligation is limited to only those stated causes of action alleging matters that the Company is liable to indemnify the Policyholder for loss or damage under this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Policyholder to object for reasonable cause) to represent the Policyholder as to those allegations or 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 Policyholder in the defense of those allegations or causes of action that allege matters not indemnified 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 indemnified, or to prevent or reduce loss

or damage to the Policyholder. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Policyholder. 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 from any adverse judgment or order.

6. DUTY OF POLICY 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 Policyholder 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 Policyholder for this purpose. Whenever requested by the Company, the Policyholder, 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 indemnified. If the Company is prejudiced by the failure of the Policyholder to furnish the required cooperation, the Company's obligations to the Policyholder 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 Policy Claimant to submit to examination and review 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 Policy 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 Policy 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 Policy Claimant to submit for examination and review, 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 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 Indemnity Amount.

To pay or tender payment of the Indemnity Amount under this policy together with any costs, legal fees, and expenses incurred by the Policy 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 Policyholder 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 Policyholder or With the Policy Claimant.

(i) To pay or otherwise settle with other parties for or in the name of a Policy Claimant any claim that the Company is liable to indemnify the Policyholder for loss or damage under

this policy. In addition, the Company will pay any costs, legal fees, and expenses incurred by the Policy 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 Policy Claimant the loss or damage provided for under this policy, together with any costs, legal fees, and expenses incurred by the Policy 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 Policyholder 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 Policy Claimant who has suffered loss or damage by reason of matters that the Company is liable to indemnify the Policyholder for loss or damage under this policy.

(a) The extent of the indemnification of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Indemnity Amount; or

(ii) the difference between the value of the Title as indemnified and the value of the Title subject to the risk *for which the Company is liable to indemnify the Policyholder for loss or damage under this policy.*

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as indemnified,

(i) the Indemnity Amount shall be increased by 10%, and

(ii) the Policy Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Policy 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, legal 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, all as indemnified, 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 Policyholder.

(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 indemnified.

(c) The Company shall not be liable for loss or damage to the Policyholder for liability voluntarily assumed by the Policyholder in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INDEMNITY AMOUNT; REDUCTION OR TERMINATION OF LIABILITY

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

11. LIABILITY NONCUMULATIVE

The Indemnity Amount shall be reduced by any amount the Company pays under any policy insuring a Mortgage excluded from coverage in Schedule B or to which the Policyholder has agreed, assumed, or taken subject, or which is executed by a Policyholder after Date of Policy and which is a Lien on the Title, and the amount so paid shall be deemed a payment to the Policyholder 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 Policy Claimant in the Title and all other rights and remedies in respect to the claim that the Policy Claimant has against any person or

property, to the extent of the amount of any loss, costs, legal fees, and expenses paid by the Company. If requested by the Company, the Policy Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Policy Claimant shall permit the Company to sue, compromise, or settle in the name of the Policy Claimant and to use the name of the Policy 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 Policy Claimant, the Company shall defer the exercise of its right to recover until after the Policy Claimant shall have recovered its loss.

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

14. 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 Policyholder 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 Indemnity Amount.

15. 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.

16. ARBITRATION

Any disputes or differences arising under or in connection with this Policy shall be referred to arbitration, which at the election of the Policyholder, shall be pursuant to either (a) The Arbitration Rules of the American Land Title Association; or (b) The arbitration rules of ARIAS UK.

17. CHOICE OF LAW; FORUM

(a) Choice of Forum: Any litigation or other proceedings (except arbitration) brought by the Policyholder against the Company must be filed in a court of the State of New York, United States of America, having jurisdiction over the subject matter of the dispute. There shall be no trial by jury in any proceedings brought against the Company by the Policyholder.

(b) Choice of Law: The Policyholder acknowledges that the Company has underwritten the risks covered by this policy in reliance upon the laws of the jurisdiction where the Land is located. A court or tribunal shall apply the laws of the jurisdiction where the Land is located to determine the validity of claims

against the interest indemnified by this policy. No court or tribunal shall apply its conflicts of law principles to determine the applicable law.

A court or Arbitrator shall apply the laws of the State of New York (excluding, pursuant to the preceding sentence, any New York "Choice of Law" provision which would require application of the law of a different jurisdiction) to determine the rights and obligations of the Company and the Policyholder as between themselves under this Policy.

(c) All liability and obligation of the Company to the Policyholder under this policy, including any obligation to provide for the defense of the Policyholder, shall cease and terminate in the event and at the time that the Policyholder takes any action or participates in any proceeding that is inconsistent with or contrary to conditions (a) or (b), above, or seeks a jury trial in any dispute with the Company.

By its acceptance of this policy, the Policyholder agrees to all of the Conditions, and covenants with the Company not to take any action inconsistent with conditions (a) or (b) above or to seek a jury trial in any dispute with the Company.

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 Fidelity National Title Insurance Company, National Claims Administration, P.O. Box 45023, Jacksonville, Florida USA 32232-5023, with a copy to Fidelity National Title Insurance Company, International Department, 711 Third Avenue, Suite 500, New York, New York, USA 10017.

INTERNATIONAL MORTGAGE TITLE INDEMNITY POLICY

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Any notice of claim and any other notice or statement in writing required to be given to FIDELITY NATIONAL TITLE INSURANCE COMPANY (the "Company") under this Policy must be given it at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE CONDITIONS, AND PAYMENT OF THE PREMIUM AND CHARGES FOR THIS POLICY, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a corporation domiciled in the State of California, United States of America, agrees to indemnify the Policyholder, as of Date of Policy against loss or damage, not exceeding the Indemnity Amount, sustained or incurred by the Policyholder by reason of:

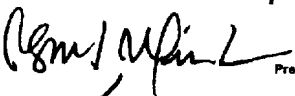

1. *Title being vested other than as stated in Schedule A.*
2. *Any defect in or Lien or encumbrance on the Title. This Covered Risk includes but is not limited to indemnification against loss from a defect in the Title caused by*
 - (a) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;*
 - (b) failure of any person or Entity to have authorized a transfer or conveyance;*
 - (c) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;*
 - (d) a document executed under a falsified, expired, or otherwise invalid power of attorney;*
 - (e) a document not properly filed, recorded, or indexed in the Public Records; or*
 - (f) a defective judicial or administrative proceeding.*
3. *No legal right of access to and from the Land.*
4. *The violation or enforcement of any Law, (including Laws 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 protection*

if 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.
5. *The exercise of the rights of eminent domain or expropriation if a notice of the exercise describing any part of the Land, is recorded in the Public Records.*
6. *Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.*
7. *The invalidity or unenforceability of the Lien of the Covered Mortgage upon the Title. This Covered Risk includes but is not limited to indemnification against loss from any of the following impairing the Lien of the Covered Mortgage*
 - (a) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;*
 - (b) failure of any person or Entity to have authorized a transfer or conveyance;*
 - (c) a document affecting Title or the Covered Mortgage not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;*
 - (d) a document executed under a falsified, expired, or otherwise invalid power of attorney;*
 - (e) a document not properly filed, recorded, or indexed in the Public Records; or*
 - (f) a defective judicial or administrative proceeding.*
8. *The lack of priority of the Lien of the Covered Mortgage upon the Title over any other Lien or encumbrance.*
9. *The invalidity or unenforceability of any assignment of the Covered Mortgage, provided the assignment is shown in the declarations of Schedule A, or the failure of the assignment shown in the Declarations of Schedule A to vest title to the Covered Mortgage in the named Policyholder assignee free and clear of all Liens.*

The Company will also pay the costs, legal fees, and expenses incurred in defense of any matter for which the Company is liable to indemnify the Policyholder for loss or damage under this Policy, but only to the extent provided in the Conditions.

CONFIDENTIALITY

Policyholder agrees that this Policy of Title Indemnity, including any Proposals or Commitment issued by the Company, and any title and mortgage search, legal report or opinion, and underwriting information prepared by or for the Company, in connection with this Policy (collectively, the "Policy Documents"), are confidential and proprietary, and the Policyholder agrees to hold the Policy Documents in confidence and will not, without the prior written consent of the Company, disclose any Policy Documents in any manner whatsoever, in whole or part. If the Company is prejudiced by a disclosure by the Policyholder of any of the Policy Documents in violation of this provision, the Company's obligations to the Policyholder under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

Fidelity National Title Insurance Company
BY  President
ATTEST  Secretary

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FIDELITY NATIONAL TITLE INSURANCE COMPANY

711 Third Avenue, Suite 500
New York, NY 10017

SCHEDULE A

DECLARATIONS

Fidelity National Title Insurance Company
711 Third Avenue, Suite 500
New York, New York 10017

Policy No.:	Indemnity Amount :	\$
	Premium:	\$

Date of Policy:

1. Name of Policyholder:
2. The estate or interest in the Land indemnified by this policy is:
3. Title is vested in:
4. The Covered Mortgage and its assignments, if any, are described as follows:
5. The Land referred to in this policy is described as follows:

Countersigned by:

Authorized Agent or Officer

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

SCHEDULE B**SPECIFIC EXCLUSIONS FROM COVERAGE**

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

1. Taxes or assessments which are not shown as existing Liens by the records.
2. Any persons or parties in possession not disclosed by Public Records.
3. Discrepancies, conflicts in boundary lines, encroachments, or any other facts which a correct survey would disclose.
4. No insurance is afforded as to the exact square meters and/or acreage contained in the Land described herein.
5. Subsurface or subsoil estate or rights in the land, together with the oil, gas, stones, any fossil substances, minerals, deposits, products, petroleum, hydrocarbons, and other substances, and related rights to use the surface, or subsidence caused by the exercise of such rights; natural servitudes; air rights or air space owned by the country in which the Land is located or those claiming under the country in which the Land is located.
6. Water rights, claims, or title to water, whether or not shown by the Public Records.
7. Riparian rights, any rights of ownership in submerged lands, filled-in-lands or the beds, coasts, or banks of streams, rivers, tidelands, sea coast, foreshore, beach, lakes, lagoons, estuaries, tributaries, ravines, and springs.

GENERAL 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, legal fees, or expenses that arise by reason of:

1. (a) Any Law (including Laws relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land; or
 - (ii) the character, dimensions or location of any improvement erected on the Land; or
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these Laws. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 4.
 - (b) Any governmental police power.
2. Rights of eminent domain, expropriation, nationalization, resumption or similar rights conferred by Law unless notice of the exercise of the right has been recorded, filed or registered in the Public Records at Date of Policy. This Exclusion does not modify or limit the coverage provided under Covered Risks 5 or 6.
3. Defects, Liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed, or agreed to by the Policy Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Policy Claimant and not disclosed in writing to the Company by the Policy Claimant prior to the date the Policy Claimant became an Policyholder under this policy;
 - (c) resulting in no loss or damage to the Policy Claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage that would not have been sustained if the Policy Claimant had paid value for the Title or the Covered Mortgage.
4. Unenforceability of the Lien of the Covered Mortgage because of the inability or failure of a Policyholder to comply with applicable doing-business, business registration or licensing Laws of the country where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the Lien of the Covered Mortgage that arises out of the transaction evidenced by the Covered Mortgage and is based upon interest regulation, usury, or any disclosure requirement or other Law for the protection of borrowers.
6. Any claim that arises under bankruptcy, insolvency or similar creditors' rights Laws or, the inadequate credit of any borrower; or, insufficient value of the Land to secure the Indebtedness.
7. Claims by indigenous, aboriginal native or similar groups or persons based solely upon their status as a member or representative of one or more of these groups.
8. War, insurrection, riot, civil unrest, act of a public enemy, epidemic, quarantine restriction, governmental restriction, nationalization, acts of God, or other similar causes beyond the reasonable control and without the fault of the Company.
9. Any claim: (a) against the Title or the Lien of the Covered Mortgage brought outside of the country where the Land is located; or (b) relating to the interpretation or enforcement of this policy brought in a jurisdiction other than as specified in Section 17 of the Conditions.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Covered Mortgage": The Mortgage described in paragraph 4 of Schedule A

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, limited company, partnership, trust, limited liability company or partnership, or other similar legal entity.

(d) "Indebtedness": The obligation secured by the Covered Mortgage and if that obligation is the payment of a debt, the Indebtedness is the sum of

(i) the amount of the principal disbursed as of Date of Policy;

(ii) the amount of the principal disbursed subsequent to Date of Policy;

(iii) interest on the loan;

(iv) the expenses of foreclosure and any other costs of enforcement;

(v) the amounts advanced to assure compliance with laws or to protect the Lien or the priority of the Lien of the Covered Mortgage before the

acquisition of the estate or interest in the Title;

(vi) the amounts to pay taxes and insurance; and

(vii) the reasonable amounts expended to prevent deterioration of improvements; but the Indebtedness is reduced by the total of all payments and by any amount forgiven by a Policyholder.

(e) "Indemnity Amount": The maximum indemnity obligation of the Company under this policy stated in Schedule A, as it 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.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to a Policyholder by reason of the Public Records or any other records that impart notice of matters affecting the Title.

(g) "Land": the land described or referred to in Schedule A, and buildings, fixtures, immovables and other improvements affixed on the Land at Date of Policy that by law constitute a part of real property. The term "land" does not include any of the following:

(i) property beyond the lines of the area described or referred to in Schedule A,

(ii) any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit Covered Risk 3.

(h) "Law": any governmental power, burden, requirement, restraint or regulation, whether created or resulting from legislative act, ordinance, governmental by-law, decree, or otherwise

(i) "Lien": a lien, charge, privilege, obligation, attachment or other security interest on the Title.

(j) "Mortgage": Mortgage, hypothecation, pledge, deed of trust, trust deed, or other security instrument that creates a Lien on the Title,.

(k) "Policy Claimant": A Policyholder claiming loss or damage.

(l) "Policyholder": The Policyholder named in Schedule A.

(i) The term "Policyholder" also includes

(A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether

the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;

(B) successors to a Policyholder by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to a Policyholder by its conversion to another kind of Entity;

(D) a grantee of a Policyholder 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 Policyholder,

(2) if the grantee wholly owns the named Policyholder,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Policyholder, provided the affiliated Entity and the named Policyholder are both wholly-owned by the same person or Entity, or

(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 Policyholder unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, Lien, encumbrance, or other matter indemnified against by this policy.

(m) "Public Records": the deed registry, cadastral office or those records in offices or registries maintained by authority of a governmental agency in which conveyances of the title to land and mortgages and encumbrances on that title must be registered, recorded, inscribed or filed either to establish their validity or to give notice to potential purchasers of the land of their existence.

(n) "Register". To inscribe, register, make application to inscribe, register, record or file in the Public Records.

(o) "Title": The estate or interest in the Land described in Schedule A.

2. CONTINUATION OF INDEMNITY OBLIGATION

The obligation of the Company under this policy shall continue in force as of Date of Policy in favor of a Policyholder until the Covered Mortgage is satisfied or, after acquisition of the Title by a

Policyholder, so long as the Policyholder retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Policyholder, or only so long as the Policyholder shall have liability by reason of warranties in any transfer or conveyance of the Title. The Company has no obligation or liability under this policy to a purchaser from the Policyholder of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Policyholder.

3. NOTICE OF CLAIM TO BE GIVEN BY POLICY CLAIMANT

The Policyholder shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions or (ii) in case Knowledge shall come to a Policyholder of any claim of title or interest that is adverse to the Title or the Lien of the Covered Mortgage, as indemnified, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Policy Claimant to provide prompt notice, the Company's liability to the Policy 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 Policy Claimant furnish a signed proof of loss. The proof of loss must describe the defect, Lien, encumbrance, or other matter that the Company is liable to indemnify the Policyholder for loss or damage under 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 Policyholder, 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 a Policyholder in any action or proceeding in which any third party asserts a claim covered by this policy adverse to the Policyholder. This obligation is limited to only those stated causes of action alleging matters that the Company is

liable to indemnify the Policyholder for loss or damage under this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Policyholder to object for reasonable cause) to represent the Policyholder as to those allegations or 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 Policyholder in the defense of those allegations or causes of action that allege matters not indemnified 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 or the Lien of the Covered Mortgage, as indemnified, or to prevent or reduce loss or damage to the Policyholder. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Policyholder. 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 from any adverse judgment or order.

6. DUTY OF POLICY 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 Policyholder 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 Policyholder for this purpose. Whenever requested by the Company, the Policyholder, 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, the Lien of the Covered Mortgage or any other matter as indemnified. If the Company is prejudiced by the failure of the Policyholder to furnish the required cooperation, the Company's obligations to the Policyholder 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 Policy Claimant to submit to examination and review 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 Policy 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 Policy 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 Policy Claimant to submit for examination and review, 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 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 Indemnity Amount or to purchase the Indebtedness.

(i) To pay or tender payment of the Indemnity Amount under this policy together with any costs, legal fees, and expenses incurred by the Policy 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.

(ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees, and expenses incurred by the Policy Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.

When the Company purchases the Indebtedness, the Policyholder shall transfer, assign, and convey to the Company the Indebtedness and the Covered Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Policyholder under this policy, other than to make the payment required in those subsections, 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 Policyholder or With the Policy Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Policy Claimant any claim that the Company is liable to indemnify the Policyholder for loss or damage under this policy. In addition, the Company will pay any costs, legal fees, and expenses incurred by the Policy 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 Policy Claimant the loss or damage provided for under this policy, together with any costs, legal fees, and expenses incurred by the Policy 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 Policyholder 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 Policy Claimant who has suffered loss or damage by reason of matters that the Company is liable to indemnify the Policyholder for loss or damage under this policy.

(a) The extent of the indemnification of the Company for loss or damage under this policy shall not exceed the lesser of

- (i) the Indemnity Amount;
- (ii) the Indebtedness or
- (iii) the difference between the

value of the Title as indemnified and the value of the Title subject to the risk for which the Company is liable to indemnify the Policyholder for loss or damage under this policy;

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the Lien of the Covered Mortgage, as indemnified,

(i) the Indemnity Amount shall be increased by 10%, and

(ii) the Policy Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Policy Claimant or as of the date it is settled and paid.

(c) In the event the Policyholder has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.

(d) In addition to the extent of liability under (a), (b) and (c), the Company will also pay those costs, legal 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 establishes the Lien of the Covered Mortgage all as indemnified, 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 Policyholder.

(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 or to the Lien of the Covered Mortgage, as indemnified.

(c) The Company shall not be liable for loss or damage to the Policyholder for liability voluntarily assumed by the Policyholder in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INDEMNITY AMOUNT; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, legal fees, and expenses, shall reduce the Indemnity Amount by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Indemnity Amount afforded under this policy except to the extent that the payments reduce the Indebtedness.

(b) The voluntary satisfaction or release of the Covered Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

11. LIABILITY NONCUMULATIVE

The Indemnity Amount shall be reduced by any amount the Company pays under any policy insuring a Mortgage excluded from coverage in Schedule B or to which the Policyholder has agreed, assumed, or taken subject, or which is executed by a Policyholder after Date of Policy and which is a Lien on the Title, and the amount so paid shall be deemed a payment to the Policyholder 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) The Company's Right to Recover
Whenever the Company shall have settled and paid a claim under this

policy, it shall be subrogated and entitled to the rights of the Policy Claimant in the Title or Covered Mortgage and all other rights and remedies in respect to the claim that the Policy Claimant has against any person or property, to the extent of the amount of any loss, costs, legal fees, and expenses paid by the Company. If requested by the Company, the Policy Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Policy Claimant shall permit the Company to sue, compromise, or settle in the name of the Policy Claimant and to use the name of the Policy 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 Policy Claimant, the Company shall defer the exercise of its right to recover until after the Policy Claimant shall have recovered its loss.

(b) The Policyholder's Rights and Limitations

(i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the Lien of the Covered Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the Lien of the Covered Mortgage.

(ii) If the Policyholder exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the Lien of the Covered Mortgage for which the Company is liable to indemnify the Policyholder for loss or damage under this Policy, the Company shall be required to pay only that part of any losses indemnified by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Policy Claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-Indemnified Obligors

The Company's right of subrogation includes the Policyholder's rights against non-indemnified obligors including the rights of the Policyholder to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

The Company's right of subrogation shall not be avoided by acquisition of the Covered Mortgage by an obligor who acquires the Covered Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond, and the obligor will not be a Policyholder under this policy.

14. 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 Policyholder 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 the Lien of the Covered Mortgage 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 Indemnity Amount.

15. 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.

16. ARBITRATION;

Any disputes or differences arising under or in connection with this Policy shall be referred to arbitration, which at the election of the Policyholder, shall be pursuant to either (a) The Arbitration Rules of the American Land Title Association; or (b) The arbitration rules of ARIAS UK.

17. CHOICE OF LAW; FORUM

(a) Choice of Forum: Any litigation or other proceedings (except arbitration) brought by the Policyholder against the Company must be filed in a court of the State of New York, United States of America, having jurisdiction over the subject matter of the dispute. There shall be no trial by jury in any proceedings brought against the Company by the Policyholder.

(b) Choice of Law: The Policyholder acknowledges that the Company has underwritten the risks covered by this policy in reliance upon the laws of the jurisdiction where the Land is located. A court or tribunal shall apply the laws of the jurisdiction where the Land is located to determine the validity of claims against the interest indemnified by this policy. No court or tribunal shall apply its conflicts of law principles to determine the applicable law.

A court or Arbitrator shall apply the laws of the State of New York (excluding, pursuant to the preceding sentence, any New York "Choice of

Law" provision which would require application of the law of a different jurisdiction) to determine the rights and obligations of the Company and the Policyholder as between themselves under this Policy.

(c) All liability and obligation of the Company to the Policyholder under this policy, including any obligation to provide for the defense of the Policyholder, shall cease and terminate in the event and at the time that the Policyholder takes any action or participates in any proceeding that is inconsistent with or contrary to conditions (a) or (b), above, or seeks a jury trial in any dispute with the Company.

By its acceptance of this policy, the Policyholder agrees to all of the Conditions, and covenants with the Company not to take any action inconsistent with conditions (a) or (b) above or to seek a jury trial in any dispute with the Company.

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 Fidelity National Title Insurance Company, National Claims Administration, P.O. Box 45023, Jacksonville, Florida USA 32232-5023, with a copy to Fidelity National Title Insurance Company, International Department, 711 Third Avenue, Suite 500, New York, New York, USA 10017.