HOW TO READ A TITLE COMMITMENT

TICOR TITLE
WASHINGTON STATE
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WHAT IS A TITLE COMMITMENT?

A Title Commitment (also known as a Preliminary Report in some areas) is a dated formal report that sets out in detail the conditions under which a policy of title insurance would be issued on a particular parcel of land. Its sole purpose is to facilitate the issuance of the policy.

Within a short time after a title order has been opened, the matters of record relative to the issuance of the title insurance policy on the subject property have been assembled in the title search and examined by skilled technicians. This is the time when the Title Commitment is prepared and sent to the customer. The report reflects the matters which would be shown as exceptions in a policy of the title insurance so that the parties to the transaction will be aware of any of those matters of record that may need to be cleared prior to the closing of the transaction. This report is issued before the title policy—hence the name Title Commitment.

Those matters shown in the report are as follows:

1. The estate or interest covered.
2. The record owner of the estate or interest.
3. A legal description of the parcel of land covered.
4. Requirements and Notes
5. The easements, liens, encumbrances and other matters which affect the title to the land at the date and time of the report.

Members of the Washington Land Title Association (WLTA) use the type of report explained on the pages that follow. The investigation of title is normally limited to the public record, with no reference to off record matters.

All references to specific property, dollar amounts, documents, and individual and corporate identification are fictional and for the purpose of educational sample only.

*Explanations of Report Items are noted in these shaded boxes.*
This paragraph states that the company is prepared to issue the policy elsewhere referred to and points out the fact that there are exceptions and exclusions in the policy form and additional exceptions listed in the report that would not be insured against by the policy, if issued.
This discloses the form of policy requested.

A Fee is the highest type of estate or interest an owner can have in land, one freely transferable and inheritable, and whose owner is entitled to possession. (There are a number of other estates or interests in land that are insured but not shown here. The word “estate” is used to express the degree, quantity, nature, duration, or extent of an interest in land.)

5. The estate or interest in the Land described or referred to in this Commitment is:

   Fee Simple

6. The Land is described as follows:

   SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

END OF SCHEDULE A

EXHIBIT "A"

Legal Description

LOT 7, HIGHLANDS VIEW ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 18 OF PLATS, PAGE 209, IN KING COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.
These are General and Specific requirements that must be met in order for a commitment to be issued. In this example items 1 through 6 are General requirements and items 7 through 10 are requirements that are specific to the transaction.

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
5. Additional requirements and/or exceptions may be added as details of the transaction are disclosed to, or become known by the Company.
6. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.
7. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below.
   Limited Liability Company: Mr. Seller LLC
   a. A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
   b. If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendment thereto with the appropriate filing stamps.
   c. If the Limited Liability Company is member-managed a full and complete current list of members certified by the appropriate manager or member.
   d. A current dated certificate of good standing from the proper governmental authority of the state in which the entity was created
   e. If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.
8. The manufactured housing unit will be expressly excepted from the legal description and not insured by the policy unless the Certificate of Title is eliminated and the manufactured housing unit is converted to real property as required by RCW 65.20.

A Manufactured Home Title Elimination Application should be obtained from the Department of Licensing. The application must be signed by the registered and legal owners of the manufactured housing unit, the owner of the Land, the city or county building permit office, approved by the Department of Licensing, and recorded or available for recording.

Evidence must be submitted that personal property taxes on the manufactured housing unit have been paid through the current year and personal property taxes for next year, if subject to assessment, have been paid.

Please contact your title officer if the manufactured housing unit is not to be converted to real property.

9. TO PROVIDE THE EXTENDED COVERAGE POLICY AND/OR ALTA HOMEOWNER’S POLICY IDENTIFIED IN SCHEDULE A, GENERAL EXCEPTIONS A THROUGH D WILL BE CONSIDERED WHEN OUR INSPECTION AND/OR REVIEW OF SURVEY, IF REQUIRED, IS COMPLETED. A SUPPLEMENTAL COMMITMENT WILL FOLLOW.

If there have been recent improvements on the property within 90 days prior to closing we will require a signed indemnity agreement and a recent financial statement from each indemnitor.

If construction financing is to be insured, please contact the title officer for requirements.

The Company reserves the right to add additional exceptions or make further requirements after review of the property inspection and requested documentation.

10. Payment of the real estate excise tax, if required.

The Land is situated within the boundaries of local taxing authority of King County.

Present rate of real estate excise tax as of the date herein is 1.78 percent.

Any conveyance document must be accompanied by the official Washington State Excise Tax Affidavit. The applicable excise tax must be paid and the affidavit approved at the time of the recording of the conveyance documents. (NOTE: Real Estate Excise Tax Affidavits must be printed as legal size forms).

An additional $5.00 Electronic Technology Fee must be included in all excise tax payments.

If the transaction is exempt, an additional $5.00 Affidavit Processing Fee is required.

END OF REQUIREMENTS
NOTES

The Notes are informational notes only and will not show as Title Exceptions in the forthcoming title policy.

1 The following matters will not be listed as Special Exceptions in Schedule B of the policy. There will be no coverage for loss arising by reason of the matters listed below because these matters are either excepted or excluded from coverage or are not matters covered under the insuring provisions of the policy.

**Note A:** Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

**Note B:** Effective October 1, 2015, Ticor Title Company will no longer be charging a flat rate recording fee. All files will be charged the actual county recording fees.

Recording charges (per document title) for all Washington counties:

- Deed of Trust - $100.00 and $1 for each additional page.
- Most other Docs, except as noted below - $99.00 and $1 for each additional page.
- Assignment of Deed of Trust, Substitution or Appointment of Successor Trustee - $16.00 and $1 for each additional page.
- Multiple titled documents are charged per applicable title.

There is an additional $4.00 fee per document for electronic recording.

**RECORDING CHARGES ARE SUBJECT TO CHANGE WITHOUT NOTICE**

**NOTE:** Part of the RESPA Rule to Simply and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

- Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Ticor Title Company retains 88% of the total premium and endorsements.
- Line 1108 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. Commonwealth Land Title Insurance Company retains 12% of the total premium and endorsements.

**Note C:** The language contained in the printed Exceptions from coverage and Conditions and Stipulations of the Policy committed for may be examined by inquiry at the office which issued the Commitment, and a specimen copy of the insurance Policy Form(s) referred to in this Commitment will be furnished promptly upon request.

**Note D:** Investigation should be made to determine if there are any service, installation, maintenance, or connection charges for sewer, water, electricity or Metro Sewer Treatment Capacity Charge.
SCHEDULE B, PART I
NOTES

1

The Notes are informational notes only and will not show as Title Exceptions in the forthcoming title policy.

2

Address of property to be insured.

TICOR TITLE COMPANY

COMMITMENT NO. 2016SampleRpt

SCHEDULE B, PART I
REQUIREMENTS
(continued)

Note E: In the event the transaction fails to close and this commitment is cancelled, a fee will be charged to comply with the State Insurance Code and the filed schedule of this Company.

Note F: Notwithstanding anything to the contrary in this Commitment, if the policy to be is other than an ALTA Owner’s Policy (6/17/06) or ALTA Loan Policy (6/17/06), the policy may not contain an arbitration clause, or the terms of the arbitration clause may be different from those set forth in this Commitment. If the policy does contain an arbitration clause, and the Amount of Insurance is less than the amount, if any, set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.

Note G: Note: This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances or acreage shown thereon.

Note H: As part of Ticor Title Company’s commitment to the environment, we encourage the paperless distribution of our products whenever possible. To help conserve natural resources, we will automatically issue the forthcoming original policy(ies) electronically.

Please provide us with a current e-mail address for the new owner and/or lender prior to closing or by emailing WAPolicy@ticortitle.com. Hard copy versions may be issued upon request.

Note I: Note: FOR INFORMATIONAL PURPOSES ONLY:

The following may be used as an abbreviated legal description on the documents to be recorded, per Amended RCW 65.04.045. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document:

Lot 7, HIGHLANDS VIEW ADDITION
Tax Account No.: 123456-1234

Note J: Note: The Public Records indicate that the address of the improvement located on said Land is as follows:

Sample Street
Seattle, WA 98109

Note K: NOTE:
Please send recording packages to the following address.

Attn: Recording Department
1111 3rd Avenue, Suite 300
Seattle, WA 98101

END OF NOTES
END OF SCHEDULE B, PART I

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Commonwealth Land Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I Requirements; Schedule B, Part II Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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SCHEDULE B, PART II
EXCEPTIONS

These are the “so-called” Western Region Exceptions. If any policy is to be issued in a “standard coverage” format these items will appear in Schedule B as exceptions. These exceptions do not appear in the Homeowner’s Policy.

Items shown in Schedule B, Part II are information that affects the property in question including taxes, easements, covenants, conditions and restrictions, liens, judgments, etc.

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NOTE: From this point on, the items shown in the Title Commitment will normally be shown chronologically by date. Although this approach is normal from the standpoint of a title examiner, the items are not necessarily shown in any strict order of priority.

1. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document.

   Recording Date: April 5, 1987
   Recording No: 8704050654

2. Mitigation Agreement:
   Executed: Area 51 School District
   Recording Date: May 13, 2006
   Recording No: 2005051300654

3. Agreement and the Terms and Conditions thereof:
   Dated: May 5, 1989
   Recording No: 8905070564
   Purpose: Water line

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Puget Sound Power
   Recording Date: July 30, 1992
   Recording No: 9207300564
   Affects: Said premises
SCHEDULE B, PART II
EXCEPTIONS

1. Unpaid Taxes: This item is a statement regarding the amount and status of any unpaid taxes for the current year's taxes (e.g. taxes now a lien, now due, or respective installments).

2. Deeds of Trust: A three-party instrument under which an owner of land (trustor) conveys land to a trustee for the benefit of the lender (beneficiary) to secure the borrower's obligation (usually payment of money evidenced by a promissory note) to the lender. The trustee has limited powers (e.g. to reconvey or to foreclose non-judicially) as specifically directed by the beneficiary.

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5. General and special taxes and charges, payable February 15, delinquent if first half unpaid on May 1, second half delinquent if unpaid on November 1 of the tax year (amounts do not include interest and penalties):

- Year: 2018
- Tax Account No.: 123456-1234
- Levy Code: 472
- Assessed Value-Land: $97,000.00
- Assessed Value-Improvements: $220,200.00
- General and Special Taxes: $4,898.00
  - Billed: $4,898.00
  - Paid: $0.00
  - Unpaid: $4,898.00

6. A deed of trust to secure an indebtedness in the amount shown below,

- Amount: $150,000.00
- Dated: January 1, 2009
- Trustor/Grantor: Mr. Seller LLC, a limited liability company
- Trustee: Ticor Title
- Beneficiary: Rushing Roulette Loans
- Loan No.: 01-0555-100016-00
- Recording Date: January 1, 2009
- Recording No.: 200901030055

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COMMITMENT CONDITIONS

1. DEFINITIONS
   (a) "Knowledge" or "Known": Actual or imputed knowledge, but not constructive notice imparted by the Public Records.
   (b) "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 to be insured by the Policy.
   (c) "Mortgage": A mortgage, deed of trust, or other security instrument, including one evidenced by electronic means authorized by law.
   (d) "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
   (e) "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
   (f) "Proposed Policy Amount": Each dollar amount specified in Schedule A as the Proposed Policy Amount of each Policy to be issued pursuant to this Commitment.
   (g) "Public Records": Records established under state statutes at the Commitment Date for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.
   (h) "Title": The estate or interest described in Schedule A.

2. If all of the Schedule B, Part I-Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company’s liability and obligation end.

3. The Company’s liability and obligation is limited by and this Commitment is not valid without:
   (a) the Notice;
   (b) the Commitment to Issue Policy;
   (c) the Commitment Conditions;
   (d) Schedule A;
   (e) Schedule B, Part I-Requirements;
   (f) Schedule B, Part II-Exceptions; and
   (g) a counter-signature by the Company or its issuing agent that may be in electronic form.

4. COMPANY’S RIGHT TO AMEND
   The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company shall not be liable for any other amendment to this Commitment.

5. LIMITATIONS OF LIABILITY
   (a) The Company’s liability under Commitment Condition 4 is limited to the Proposed Insured’s actual expense incurred in the interval between the Company’s delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured’s good faith reliance to:
      (i) comply with the Schedule B, Part I-Requirements;
      (ii) eliminate, with the Company’s written consent, any Schedule B, Part II-Exceptions; or
      (iii) acquire the Title or create the Mortgage covered by this Commitment.
   (b) The Company shall not be liable under Commitment Condition 5(a) if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
   (c) The Company will only have liability under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
   (d) The Company’s liability shall not exceed the lesser of the Proposed Insured’s actual expense incurred in good faith and described in Commitment Conditions 5(a)(i) through 5(a)(iii) or the Proposed Policy Amount.
   (e) The Company shall not be liable for the content of the Transaction Identification Data, if any.
   (f) In no event shall the Company be obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I-Requirements have been met to the satisfaction of the Company.
   (g) In any event, the Company’s liability is limited by the terms and provisions of the Policy.

6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT
   (a) Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
   (b) Any claim must be based in contract and must be restricted solely to the terms and provisions of this Commitment.

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(continued)

(c) Until the Policy is issued, this Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.

(d) The deletion or modification of any Schedule B, Part II-Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.

(e) Any amendment or endorsement to this Commitment must be in writing and authenticated by a person authorized by the Company.

(f) When the Policy is issued, all liability and obligation under this Commitment will end and the Company’s only liability will be under the Policy.

7. IF THIS COMMITMENT HAS BEEN ISSUED BY AN ISSUING AGENT

The issuing agent is the Company’s agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company’s agent for the purpose of providing closing or settlement services.

8. PRO-FORMA POLICY

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

END OF CONDITIONS