LOAN POLICY OF TITLE INSURANCE

Policy Issuer:
SCOTT T. JOHNSTON, ATTY.
510 22ND AVENUE EAST
STE. 101
ALEXANDRIA, MN 56308
PHONE: 320-762-8814

Policy Number **LX-08202400** **File Number: 01-349A2A/T7167**

Issued by Old Republic National Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, a Minnesota corporation (the "Company") insures as of Date of Policy and, to the extent stated in Covered Risks 11, 13, and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.

2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
   (a) A defect in the Title caused by
      (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
      (ii) failure of any person or Entity to have authorized a transfer or conveyance;
      (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
      (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
      (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
      (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
      (vii) a defective judicial or administrative proceeding.
   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.

3. Unmarketable Title.

4. No right of access to and from the Land.

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
   (a) the occupancy, use, or enjoyment of the Land;
   (b) the character, dimensions, or location of any improvement erected on the Land;
   (c) the subdivision of land; or
   (d) environmental 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.

Countersigned:

Authorized Officer or Licensed Agent

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
A Stock Company
400 Second Avenue South, Minneapolis, Minnesota 55401
(612) 371-1111

By *President*

Attest *Secretary*

COVERED RISKS con't

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7.The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8 Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.

9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured 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) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
(d) failure to perform those acts necessary to create a document by electronic means authorized by law;
(e) a document executed under a falsified, expired, or otherwise invalid power of attorney;
(f) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
(g) a defective judicial or administrative proceeding.

10. The lack of priority of the lien of the Insured Mortgage upon the Title over any other lien or encumbrance.

11. The lack of priority of the lien of the Insured Mortgage upon the Title

(a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory lien for services, labor, or material arising from construction of an improvement or work related to the Land when the improvement or work is either
(i) contracted for or commenced on or before Date of Policy; or
(ii) contracted for, commenced, or continued after Date of Policy if the construction is financed, in whole or in part, by proceeds of the loan secured by the Insured Mortgage that the Insured has advanced or is obligated on Date of Policy to advance; and
(b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.

12.The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.

13.The invalidity, unenforceability, lack of priority, or avoidance of the lien of the Insured Mortgage upon the Title

(a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
(b) because the Insured Mortgage constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
(i) to be timely, or
(ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.

14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the Insured Mortgage in the Public Records. The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
(i) the occupancy, use, or enjoyment of the Land;
(ii) the character, dimensions, or location of any improvement erected on the Land;
(iii) the subdivision of land; or
(iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters
(a) created, suffered, assumed, or agreed to by the Insured Claimant;
(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
(c) resulting in no loss or damage to the Insured Claimant;
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.

EXCLUSIONS FROM COVERAGE cont

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

CONDITIONS

1. **DEFINITION OF TERMS**

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b) or decreased by Section 10 of these Conditions.

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

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

(d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, 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) the construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance;

(iv) interest on the loan;

(v) the prepayment premiums, exit fees, and other similar fees or penalties allowed by law;

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

(vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before the acquisition of the estate or interest in the Title;

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

(ix) 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 an Insured.

(e) "Insured": The Insured named in Schedule A.

(i) The term "Insured" 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) the person or Entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;

(C) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(D) successors to an Insured by its conversion to another kind of Entity;

(E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured, or

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

(F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;

(ii) With regard to (A), (B), (C), (D) , and (E) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, or other matter insured against by this policy.

(f) "Insured Claimant": An Insured claiming loss or damage.

(g) "Insured Mortgage": The Mortgage described in paragraph 4 of Schedule A.

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

(i) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(j) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(k) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(l) "Title": The estate or interest described in Schedule A.
(m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

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

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

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

5. **DEFENSE AND PROSECUTION OF ACTIONS**
(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Insured Mortgage, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

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

7. **OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY**
In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i)To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(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 Insured 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 Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured 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 Insured 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 Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

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

8. DETERMINATION AND EXTENT OF LIABILITY

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

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

(i) the Amount of Insurance,

(ii) the Indebtedness,

(iii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy, or

(iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guaranty.

(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 Insured Mortgage, as insured,

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

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

(c) In the event the Insured 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, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, or establishes the lien of the Insured Mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Insured Mortgage, as insured.

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

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

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

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

11. 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.

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

(b) The Insured'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 Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.

(ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.

(c) The Company's Rights Against Noninsured Obligors The Company's right of subrogation includes the Insured's rights against non-insured obligors including the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights. The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond, and the obligor will not be an Insured under this policy.

13. **ARBITRATION**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

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 Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured 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 Amount of Insurance.

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. **CHOICE OF LAW; FORUM**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title or the lien of the Insured Mortgage that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

17. **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 400 Second Avenue South, Minneapolis, Minnesota 55401-2499.

SCHEDULE A

Name and Address of Title Insurance Company: Old Republic National Title Insurance Company
400 Second Avenue South
Minneapolis, MN 55401

File No. 01-349A2ASTJ/T7167

Policy No. LX-08202400 Loan No. Unknown

Address Reference:		
	Lot 1, Block 1:	4120 Iowa Street, Alexandria, MN 56308
	Lot 2, Block 1:	1713 42nd Ave. W., Alexandria, MN 56308
	Lot 1, Block 2:	4119 Iowa Street, Alexandria, MN 56308
	Lot 2, Block 2:	1515 41st Ave. W., Alexandria, MN 56308
	Lot 1, Block 3:	4125 Iowa Street, Alexandria, MN 56308
	Lot 2, Block 3:	1516 41st Ave. W., Alexandria, MN 56308
	Lot 4, Block 3:	1525 42nd Ave. W., Alexandria, MN 56308
	Lot 1, Block 4:	1716 42nd Ave. W., Alexandria, MN 56308
	Lot 2, Block 4:	1706 42nd Ave. W., Alexandria, MN 56308
	Lot 3, Block 4:	1610 42nd Ave. W., Alexandria, MN 56308
	Lot 4, Block 4:	1520 42nd Ave. W., Alexandria, MN 56308
	Lot 5, Block 4:	1516 42nd Ave. W., Alexandria, MN 56308
	Lot 6, Block 4:	1508 42nd Ave. W., Alexandria, MN 56308
	Lot 7, Block 4:	1500 42nd Ave. W., Alexandria, MN 56308
	Lot 8, Block 4:	1490 42nd Ave. W., Alexandria, MN 56308
	Lot 9, Block 4:	1424 41st Ave. W., Alexandria, MN 56308

Amount of Insurance: $1,722,500.00

Date of Policy: May 22, 2009, at 2:00 p.m.

1. Name of Insured: Glenwood State Bank, its successors and/or assigns.

2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:

   fee simple.

3. Title is vested in:

   Heritage Property Development, Inc.

4. The Insured Mortgage and its assignments, if any, are described as follows:

   Mortgage dated May 19, 2009, in the principal sum of $1,722,500.00, in favor of Glenwood State Bank, recorded May 22, 2009, as Document No. 317404 in the Office of the Douglas County Recorder.

5. The Land referred to in this policy is described as follows:

   Lots 1 and 2, Block 1; Lots 1 and 2, Block 2; Lots 1,2, and 4, Block 3; Lots 1, 2, 3, 4, 5, 6, 7, 8, and 9, Block 4; HERITAGE INDUSTRIAL PARK, COMMON INTEREST COMMUNITY NO. 210

   (Douglas County, Minnesota)

6. This policy incorporates by reference those ALTA endorsements selected below:

____	4-06	Condominium
____	4-1-06	
____	5-06	Planned Unit Development
____	6-06	Variable Rate
____	6-2-06	Variable Rate - Negative Amortization
____	8-1-06	Environmental Protection Lien - paragraph b refers to the following statutes: M.S. §514.672
____	9-06	Restrictions, Encroachments, Minerals
____	13.1-06	Leasehold Loan
____	14-06	Future Advance-Priority
____	14.1-06	Future Advance-Knowledge
____	14.3-06	Future Advance-Reverse Mortgage
____	22-06	Location The type of improvement is a _____ And the street address is as shown above.

SCHEDULE B-I

Policy No. LX-08202400

Exceptions from Coverage

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

PART I

1. The lien of all taxes and special assessments for the second half of the year 2009 and thereafter.

2. Mortgage dated April 29, 2004, in the principal sum of $1,008,000.00, in favor of Glenwood State Bank recorded April 29, 2004, as Document No. 255766 in the Office of the Douglas County Recorder.

3. Mortgage dated July 1, 2005, in the principal sum of $1,300,000.00 in favor of Glenwood State Bank recorded July 20, 2005, as Document No. 272931 in the Office of the Douglas County Recorder.

4. Mortgage dated May 18, 2007, in the principal sum of $128,000.00 in favor of Glenwood State Bank recorded May 25, 2007, as Document No. 295238 in the Office of the Douglas County Recorder.

5. Mortgage dated October 22, 2007, in the principal sum of $128,000.00 in favor of Glenwood State Bank recorded October 23, 2007, as Document No. 300321 in the Office of the Douglas County Recorder. This Mortgage recites that it refinances the Mortgage recorded as Document No. 295238 in the Office of the Douglas County Recorder. It should be noted that although this Mortgage recites that it is given to repay a Promissory Note in the sum of $176,038.92, the lien of the Mortgage is limited to only $128,000.00.

6. Right of Way Conveyance dated March 12, 1946, in favor of Great Lakes Pipe Line Company, recorded April 11, 1946, in Book R of Misc., page 58, in the Office of the Douglas County Recorder; and Special Warranty Deed dated March 15, 1966, in favor of Williams Brothers Pipe Line Company recorded April 4, 1966, in Book 87 of Deeds, page 314, in the Office of the Douglas County Recorder. Partial Release and Grant of Right of Way dated January 31, 2003, and recorded February 19, 2003, as Document No. 236334 in the Office of the Douglas County Recorder; and Encroachment Agreement dated May 29, 2007, recorded June 1, 2007, as Document No. 295503 in the Office of the Douglas County Recorder.

7. Right of Way Conveyance dated June 21, 1946, in favor of Standard Oil Company, recorded October 3, 1946, in Book R of Misc., page 535, in the Office of the Douglas County Recorder; Assignment of Rights of Way dated December 31, 1960, in favor of The American Oil Company, recorded January 26, 1961, in Book V of Misc., page 591, in the Office of the Douglas County Recorder; and Resolution to Name Change dated December 8, 1972, whereby The American Oil Company's name is changed to Amoco Oil Company recorded January 29, 1973, in Book E of Incorp., page 327, in the Office of the Douglas County Recorder. Judgment dated December 23, 2002, and recorded December 26, 2002, as Document No. 234103 in the Office of the Douglas County Recorder. Said Judgment was filed, in part, to restrict the location of the Easement to a 50.00 strip of land as described in Document No. 234103 in the Office of the Douglas County Recorder.

8. Slope Easement dated June 23, 1967, in favor of Township of LaGrande recorded October 5, 1967, in Book Z of Misc., page 472 in the Office of the Douglas County Recorder.

9. Easement dated October 13, 1968, in favor of the Board of Public Works of the City of Alexandria recorded October 16, 1968, in Book 1 of Misc., page 356 in the Office of the Douglas County Recorder; as defined by the Partial Release of Easement dated November 7, 2001, recorded December 27, 2001, as Document No. 219176 in the Office of the Douglas County Recorder.

10. Right-of-Way Easement dated March 13, 1946, in favor of Great Lakes Pipe Line Company recorded April 11, 1946, in Book R of Misc., page 57 in the Office of the Douglas County Recorder granting a blanket easement for oil, gas and water pipe line services together with telegraph and telephone lines together with right of ingress and egress over and across the Subject Premises. These easement rights have been conveyed to William Brothers Pipe Line Company by a Special Warranty Deed dated March 15, 1966, recorded April 4, 1966, in Book 87 of Deeds, page 314 in the Office of the Douglas County Recorder. This

Right-of-Way Easement was confined by a Partial Release and Grant of Right of Way dated September 10, 2004, recorded March 4, 2005, as Document No. 267783 in the Office of the Douglas County Recorder, with said Partial Release having been executed by Magellan Pipeline Company, LLC.

11. Right-of-Way Conveyance dated June 20, 1946, in favor of Standard Oil Company recorded October 3, 1946, in Book R of Misc., page 534 in the Office of the Douglas County Recorder granting an easement to construct, operate and maintain oil and gas pipe lines together with the right of ingress and egress across the Subject Premises. These easement rights have been conveyed to various entities by Assignments of Right-of-Way recorded in Book V of Misc., page 591, as Document No. 229844 (Entry No. 145), and as Document No. 238718 and such easement rights are now held by Kaneb Pipe Line Operating Partnership, L.P. This Right of Way conveyance has been confined by an Agreement and Partial Release of Right-of-Way dated August 12, 2004, recorded September 2, 2004, as Document No. 261208 in the Office of the Douglas County Recorder and was executed by Kaneb Pipe Line Operating Partnership, L.P.

12. Right-of-Way Easement dated January 11, 1962, in favor of Otter Tail Power Company recorded January 29, 1962, in Book Q of Misc., page 579 in the Office of the Douglas County Recorder granting a blanket easement for electric transmission line purposes across the Southeast Quarter of the Southwest Quarter of said Section 36. These easement rights have been conveyed by Assignments of Easement recorded as Document No. 74727 and Document No. 74729 and such easement rights are now held by Western Minnesota Municipal Power Agency. This Right-of-Way Easement has been confined by a Partial Release of Easement executed by Western Minnesota Municipal Power Agency dated February 22, 2005, recorded March 3, 2005, as Document No. 267749 in the Office of the Douglas County Recorder.

13. Easement dated October 13, 1968, in favor of The Board of Public Works of the City of Alexandria recorded October 16, 1968, in Book 1 of Misc., page 357 in the Office of the Douglas County Recorder granting an easement to construct, operate and maintain electric transmission lines across the entire Subject Premises. This Easement has been confined by virtue of a Partial Release of Easement executed by the Board of Public Works of the City of Alexandria, Minnesota, dated January 23, 2006, recorded January 25, 2006, as Document No. 279567 in the Office of the Douglas County Recorder.

14. Certificate of Location of Government Corner dated May 22, 1970, recorded January 7, 1988, as Document No. 88052 in the Office of the Douglas County Recorder establishing the location of the North Quarter corner of Section 1-

127-38, which is also the South Quarter corner of Section 36-128-38.

15. Agreement in the nature of a Sign Lease dated June 10, 1997, in favor of Franklin Outdoor Advertising Co. recorded November 19, 1997, as Document No. 170706 in the Office of the Douglas County Recorder. This Agreement was re-recorded on May 18, 1998, as Document No. 176054 in the Office of the Douglas County Recorder. This Sign Lease runs for a period of ten years but is renewable for two additional ten year terms. The Right of First Refusal contained in such Agreement was waived by virtue of a "Waiver of Right of First Refusal" dated February 24, 2004, recorded March 18, 2004, as Document No. 254056 in the Office of the Douglas County Recorder.

16. Plat of Heritage Industrial Park dated February 2, 2005, recorded March 4, 2005, as Document No. 267792 in the Office of the Douglas County Recorder. Numerous utility easements have been dedicated on such Plat.

17. Declaration of Heritage Industrial Park, Common Interest Community No. 210, dated March 3, 2005, recorded March 4, 2005, as Document No. 267793 in the Office of the Douglas County Recorder.

18. Encroachment Agreement dated September 27, 2004, with Magellan Pipe Line Company, L.P., recorded October 5, 2004, as Document No. 262597 in the Office of the Douglas County Recorder.

19. Encroachment Agreement dated November 30, 2005, with Magellan Pipe Line Company, L.P., recorded January 6, 2006, as Document No. 278990 in the Office of the Douglas County Recorder.

SCHEDULE B-II

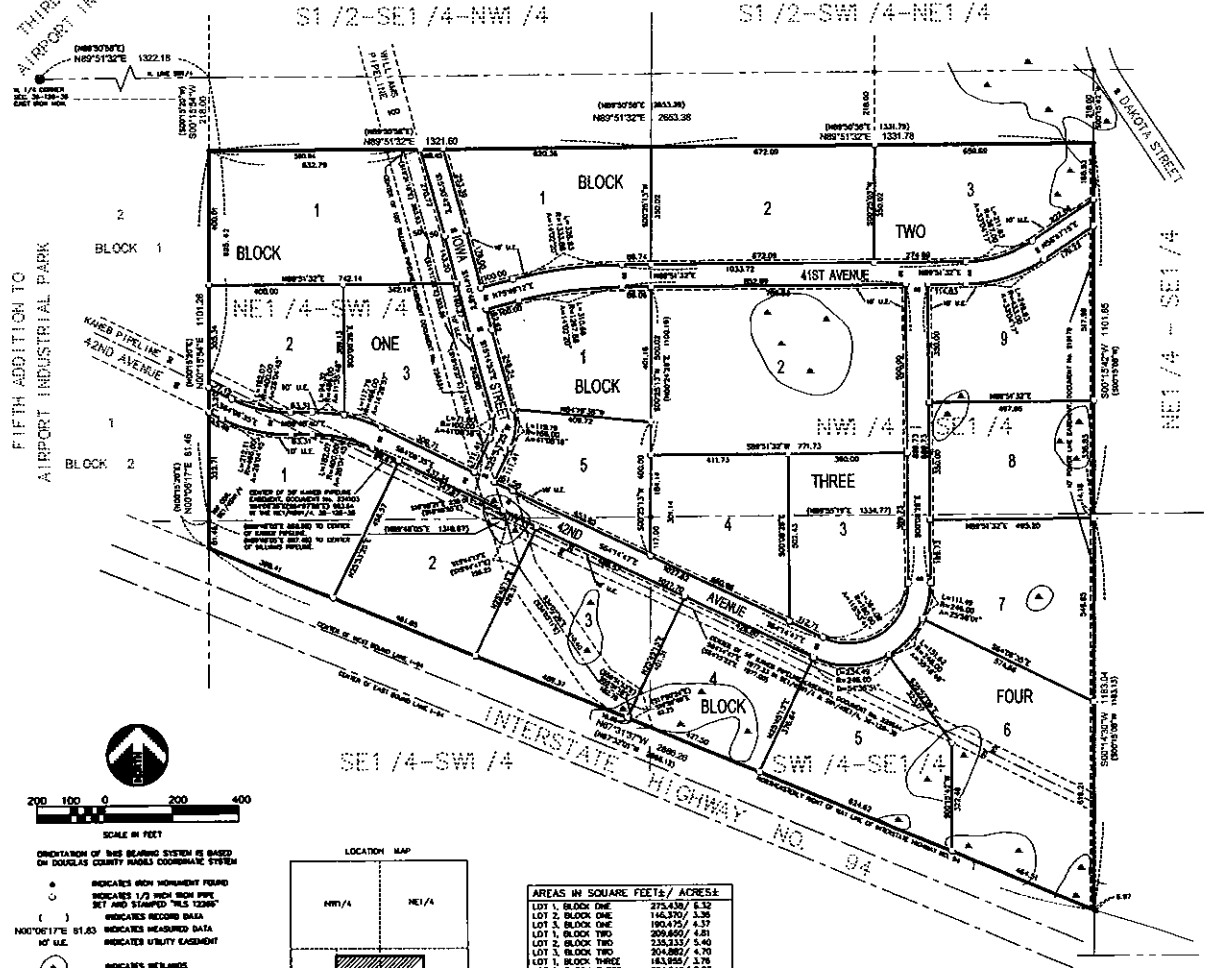
Policy No. LX-08202400

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the insured Mortgage:

Part II

None.

HERITAGE INDUSTRIAL PARK



AREAS IN SQUARE FEET±/ ACRES±	
LOT 1, BLOCK ONE	275,438/ 6.32
LOT 2, BLOCK ONE	146,370/ 3.36
LOT 3, BLOCK ONE	190,475/ 4.37
LOT 1, BLOCK TWO	209,850/ 4.81
LOT 2, BLOCK TWO	235,233/ 5.40
LOT 3, BLOCK TWO	204,882/ 4.70
LOT 1, BLOCK THREE	163,852/ 3.76
LOT 2, BLOCK THREE	384,640/ 8.83
LOT 3, BLOCK THREE	193,358/ 4.44
LOT 4, BLOCK THREE	166,165/ 3.82
LOT 5, BLOCK THREE	135,408/ 3.11
LOT 1, BLOCK FOUR	207,207/ 4.76
LOT 2, BLOCK FOUR	203,940/ 4.68
LOT 3, BLOCK FOUR	202,909/ 4.66
LOT 4, BLOCK FOUR	166,056/ 3.81
LOT 5, BLOCK FOUR	210,533/ 4.83
LOT 6, BLOCK FOUR	309,763/ 7.11
LOT 7, BLOCK FOUR	213,195/ 4.89
LOT 8, BLOCK FOUR	173,750/ 3.99
LOT 9, BLOCK FOUR	197,723/ 4.54
RIGHT-OF-WAYS	409,640/ 9.40
TOTAL AREA	4,600,289±/ 105.618

KNOW ALL PERSONS BY THESE PRESENTS:

That Heritage Properties, LLC, a Minnesota Limited Liability Company, is the owner of the following described property situated in the City of Alexandria, County of Douglas, State of Minnesota, to wit:

LEGAL DESCRIPTION:

That part of the Northwest Quarter of the Southeast Quarter, Section 36, Township 128 North, Range 38 West, Douglas County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 36; thence North 89°50'58" East, assumed bearing, along the north line of the Southwest Quarter of said Section 36, a distance of 1322.18 feet to the northwest corner of the Northwest Quarter of the Southwest Quarter of said Section 36; thence South 00°15'20" West, along the west line of said Northwest Quarter of the Southwest Quarter, 218.00 feet; thence North 89°50'58" East, parallel with said north line of the Southwest Quarter, 1321.60 feet to the west line of said Northwest Quarter of the Southwest Quarter, and this being the point of beginning of the land to be described; thence continuing North 89°50'58" East, and parallel with the north line of the Southwest Quarter, said Section 36, a distance of 1334.79 feet to the east line of said Northwest Quarter of the Southwest Quarter; thence South 00°15'18" West, along said east line, 1101.85 feet to the south line of said Northwest Quarter of the Southwest Quarter; thence South 89°55'19" West, along said south line, 1334.77 feet to said west line of said Northwest Quarter of the Southwest Quarter; thence North 00°24'29" East, along said west line, 1100.19 feet to the point of beginning.

The tract contains 33.70 acres more or less and is subject to easements, reservations or restrictions of record, if any.

AND

That part of the Northeast Quarter of the Southwest Quarter, Section 36, Township 128 North, Range 38 West, Douglas County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 36; thence North 89°50'58" East, assumed bearing, along the north line of said Southwest Quarter, 1322.18 feet to the northwest corner of said Northwest Quarter of the Southwest Quarter; thence South 00°15'20" West, along the west line of said Northwest Quarter of the Southwest Quarter, 218.00 feet to the point of beginning of the land to be described; thence North 89°50'58" East, parallel with said north line of the Southwest Quarter, 1321.60 feet to the east line of said Northwest Quarter of the Southwest Quarter; thence South 00°24'29" West, along said east line, 1100.19 feet to the south line of said Northwest Quarter of the Southwest Quarter; thence South 89°55'05" West, along said south line, 1318.67 feet to said west line of the Northwest Quarter of the Southwest Quarter; thence North 00°15'20" East, along said west line, 1101.26 feet to the point of beginning.

The tract contains 33.36 acres more or less and is subject to easements, reservations or restrictions of record, if any.

AND

That part of the Southeast Quarter of the Southwest Quarter and that part of the Southwest Quarter of the Southeast Quarter, all within Section 36, Township 128 North, Range 38 West, Douglas County, Minnesota, described as follows:

Beginning at the northwest corner of said Southeast Quarter of the Southwest Quarter; thence North 89 degrees 48 minutes 05 seconds East, assumed bearing, along the north line of said Southeast Quarter of the Southwest Quarter, 1318.67 feet to the northwest corner of said Southwest Quarter of the Southeast Quarter; thence North 89 degrees 55 minutes 19 seconds East, along the north line of said Southwest Quarter of the Southeast Quarter, 1334.77 feet to the east line of said Southwest Quarter of the Southeast Quarter; thence South 00 degrees 15 minutes 08 seconds West, along said east line, 1183.13 feet to the northeasterly right-of-way line of Interstate Highway No. 94; thence North 67 degrees 32 minute 01 seconds West, along said northeasterly right-of-way line, 2886.12 feet to the west line of said Southeast Quarter of the Southwest Quarter; thence North 00 degrees 15 minutes 20 seconds East, along said west line, 81.46 feet to the point of beginning.

The tract contains 38.56 acres more or less and is subject to easements, reservations or restrictions of record, if any.

Have caused the same to be surveyed and platted as HERITAGE INDUSTRIAL PARK and do hereby donate and dedicate to the public for public use forever 42nd Avenue, Iowa Street, 41st Avenue and Dakota Street as shown and also dedicating the easements as shown, for the purposes shown on the plat.
IN WITNESS WHEREOF, said Heritage Properties, LLC, a Minnesota Limited Liability Company, has caused these presents to be signed by its proper officers this _____ day of _____, 200__.

OWNER:
Heritage Properties, LLC
A Minnesota Limited Liability Company

Timothy F. Wagner
Chief Manager, President

Karen R. Wagner
Vice President, Treasurer, Secretary

STATE OF MINNESOTA
COUNTY OF DOUGLAS

The foregoing instrument was acknowledged before me this _____ day of _____, 200__, by Timothy F. Wagner and Karen R. Wagner, Chief Manager/President and Vice President/Treasurer/Secretary respectively of Heritage Properties, LLC, a Minnesota Limited Liability Company on behalf of the Company.

Notary Public, Douglas County, Minnesota
My Commission Expires:

I hereby certify that I have surveyed and platted the property described on this plat as HERITAGE INDUSTRIAL PARK, that this plat is a correct representation of the survey, that all distances are correctly shown on the plat in feet and hundredths of a foot, that all monuments have been correctly placed in the ground as shown or will be correctly placed in the ground as designated, that the outside boundary lines are correctly designated on the plat; and that there are no set lands as defined in M.S.505.02, Subd. 2, or public highways to be designated other than shown.

Anthony E. Karlek
Minnesota License Number 12266

STATE OF MINNESOTA
COUNTY OF DOUGLAS

The foregoing surveyor's certificate was acknowledged before me this _____ day of _____, 200__, by Anthony E. Karlek, Minnesota License Number 12266.

Notary Public, Douglas County, Minnesota
My Commission Expires:

I hereby certify that proper evidence of title has been presented to and examined by me, and I hereby approve this plat as to form and execution.

Attorney for City of Alexandria

Reviewed by the Planning Commission of the City of Alexandria this _____ day of _____, 200__.

Chairman

Secretary

Approved by the City Council of Alexandria, Minnesota this _____ day of _____, 200__.

Mayor

City Administrator

No delinquent taxes due and transfer entered this _____ day of _____, 200__
Taxes for the current year are paid in full this _____ day of _____, 200__.

Douglas County Auditor/Treasurer

Document Number_____
I hereby certify that this instrument was filed in the office of the County Recorder for record on this _____ day of _____, 200__, at _____ o'clock ____M., and was duly recorded as Plat Number _____.

County Recorder
Douglas County, Minnesota

WIDSETH SMITH NOLTING
ENGINEERS
ARCHITECTS
LAND SURVEYORS
ENVIRONMENTAL SERVICES