

Welcome fellow Real Estate Professionals ...
MYLESTITLE'S 2ND QUARTER 2018
ADVISORY COUNCIL - BREAKFAST & SEMINAR
Hayfields Country Club
April 5, 2018

In association with and sponsored by:
Myles L. Lichtenberg, Esq. &
MylesTitle | Maryland Commercial Title

SOLUTIONS TO 3-KEY REAL ESTATE RELATED ISSUES:
MYLESTITLE ADVISORY COUNCIL PANELISTS

**The 2017 Tax Act: Tax Planning for
Real Estate in an Age of Uncertainty –
Strategies, Opportunities (And Pitfalls)**

PRESENTED BY:

DAVID ROSEN, Esq., CPA
Partner, Director of Tax Services
Rosen, Sapperstein & Friedlander, LL C

**Capital Cornucopia - Navigating Multiple
Real Estate Financing Options**

PRESENTED BY:

JOHN BLACK
President, MacKenzie Capital, LLC

**The 2017 Baltimore Waterfront "War Horse Cities" Purchase:
Appreciating the complexity of Commercial Title &
Real Estate Insurance Underwriting Issues.**

PRESENTED BY:

MYLES LICHTENBERG, Esq.
Managing Principal, MylesTitle
Law Office of Myles L. Lichtenberg, P.A.

Visit us online at:
MarylandCommercialTitle.com & MylesTitle.com
Contact us, directly at:
410.458.8975, *Anytime*
Myles@MylesTitle.com

Tax Planning for Real Estate in an Age of Uncertainty

Strategies, Opportunities (And Pitfalls)



RS&F



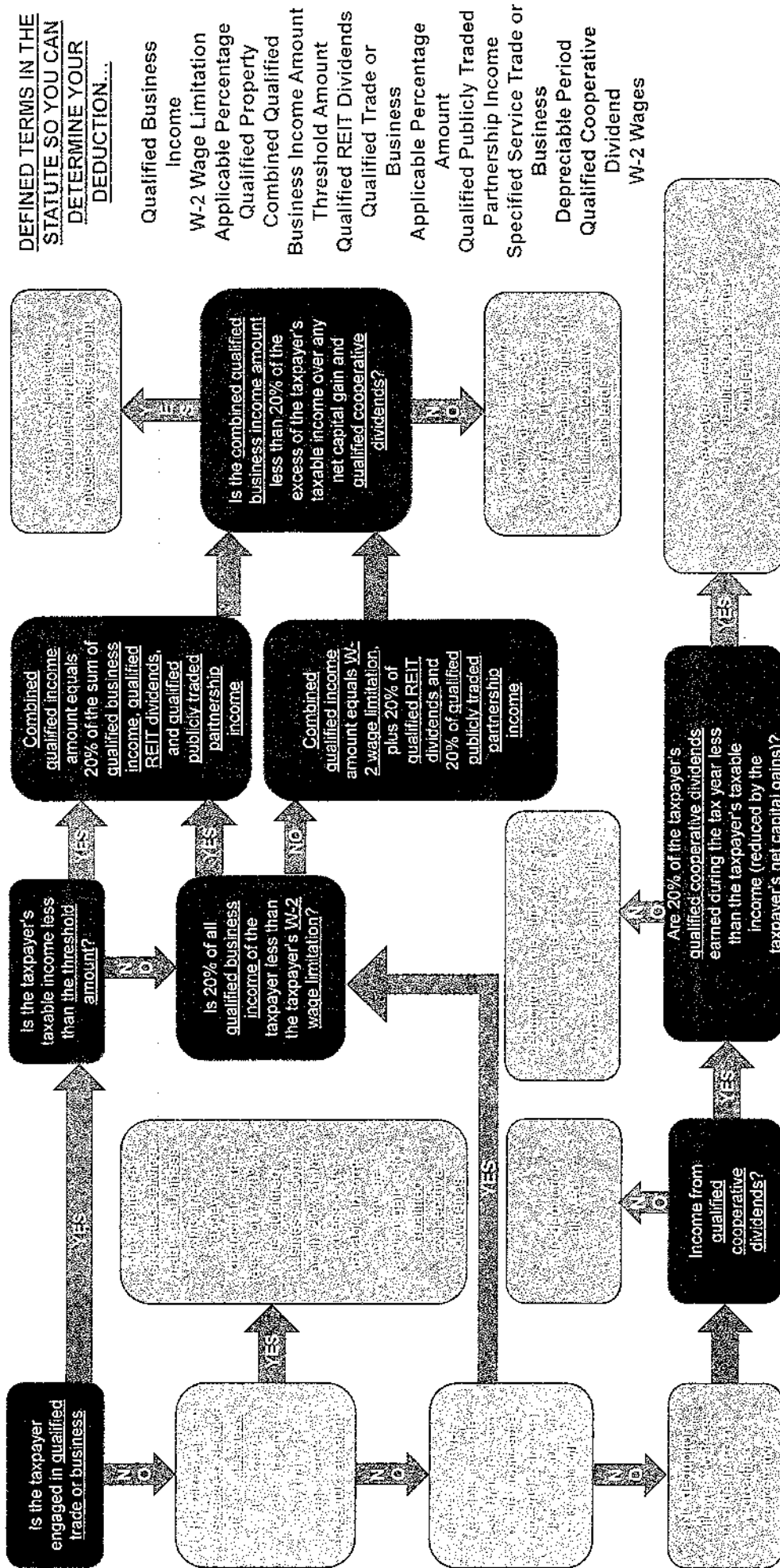
Planning Idea #1:
Maximizing Deductions
for “Qualified Business
Income”

20% QBI DEDUCTION SUMMARIZED

A TAXPAYER IS ENTITLED TO A DEDUCTION EQUAL TO 20% OF ITS COMBINED QUALIFIED BUSINESS INCOME.

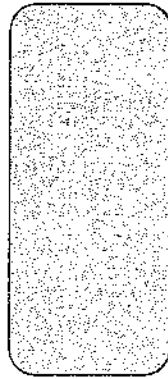
THE FINE PRINT: COMBINED QUALIFIED BUSINESS INCOME IS DETERMINED FOR EACH QUALIFYING TRADE OR BUSINESS, AND IS SUBJECT TO LIMITATIONS BASED ON W-2 WAGES PAID BY THAT BUSINESS OR CERTAIN DEPRECIABLE REAL PROPERTY OF THAT BUSINESS, AND THEN AGGREGATED FOR ALL BUSINESSES. ALSO, SOME TYPES OF BUSINESSES DO NOT QUALIFY, EXCEPT BELOW CERTAIN INCOME THRESHOLDS. THE TOTAL MAY BE FURTHER LIMITED BASED ON TOTAL INCOME OF THE TAXPAYER.

HOW COMPLICATED IS THIS? A BASIC ROADMAP...



20% DEDUCTION PLANNING IDEA #1: ENTITY STUFFING

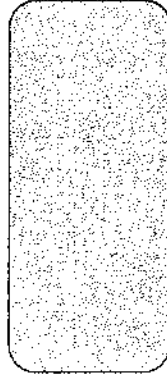
CURRENT STRUCTURE



MEETS THE ARBITRARY LIMITS, LLC
(owns rental activity with excess depreciable property amounts)

NOT ENOUGH DEPRECIATION, LLC
(owns rental activity with insufficient depreciable property amounts)

POSSIBLE STRUCTURE



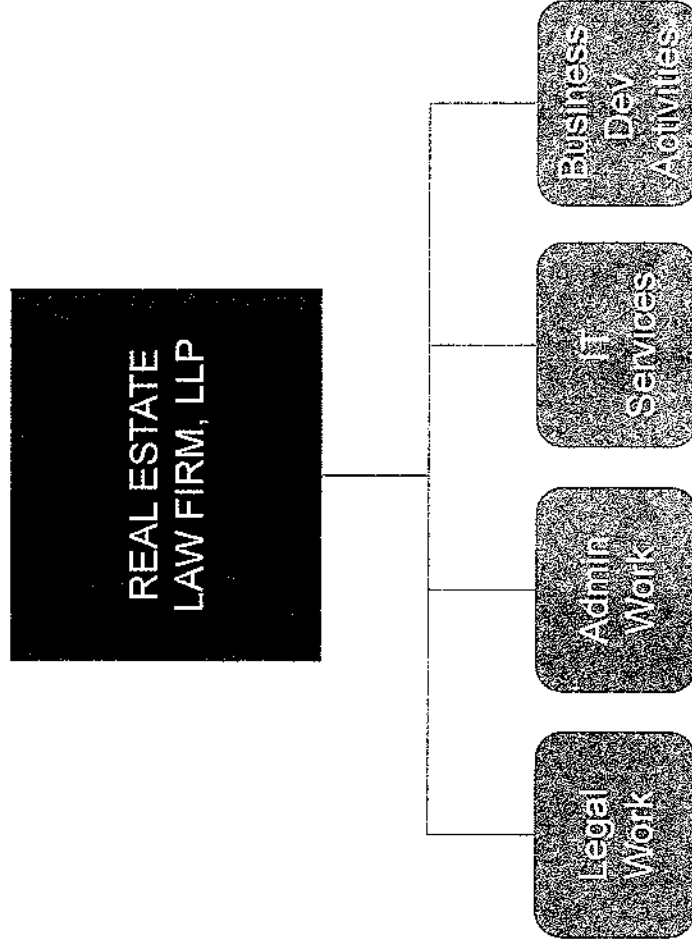
BETTER TOGETHER, LLC
(may take full 20% deduction with sufficient qualifying depreciable property)

MEETS THE ARBITRARY LIMITS, LLC
(owns rental activity with excess depreciable property amounts)

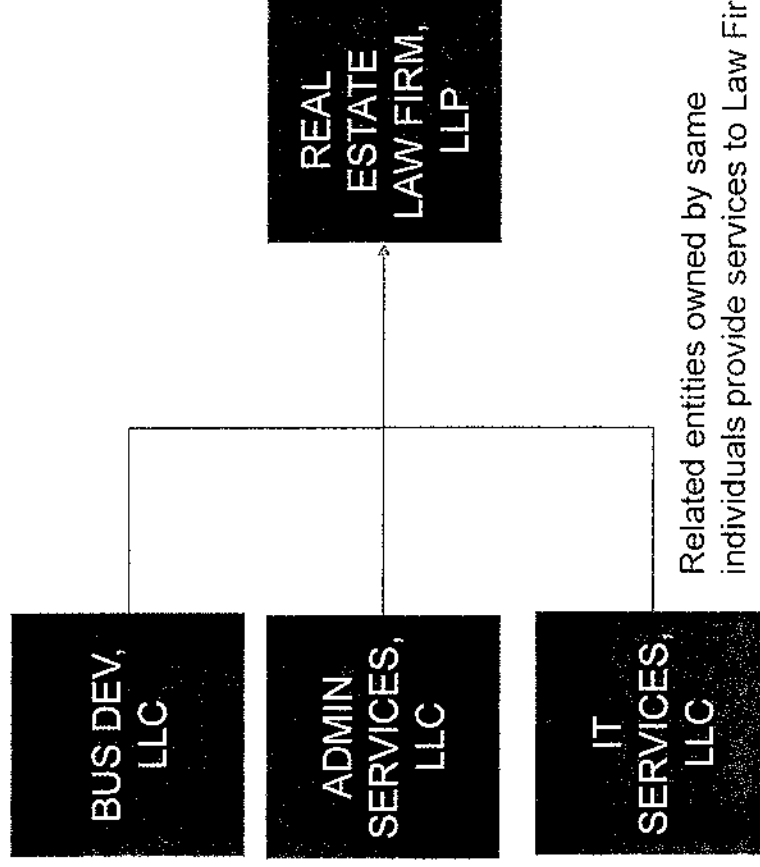
NOT ENOUGH DEPRECIATION, LLC
(owns rental activity with insufficient depreciable property amounts)

20% DEDUCTION PLANNING IDEA #2: ENTITY SLICING

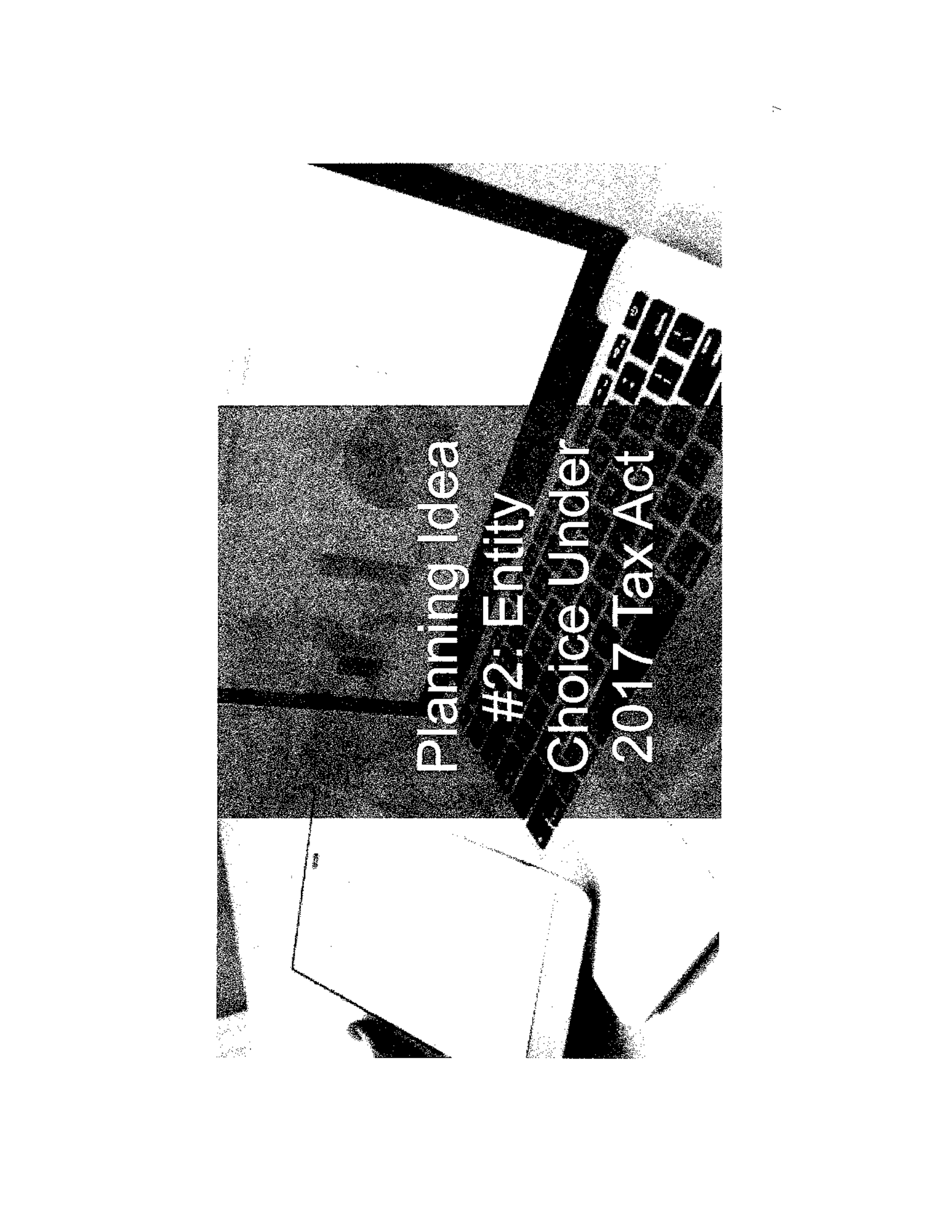
CURRENT STRUCTURE



POSSIBLE STRUCTURE



Related entities owned by same individuals provide services to Law Firm. Unclear if this type of structuring will be blocked by forthcoming Regulations...



Planning Idea
#2: Entity
Choice Under
2017 Tax Act

TAX RATES UNDER 2017 TAX ACT SUMMARIZED

INDIVIDUALS AND TRUSTS:

- FEDERAL INCOME TAX UP TO 37% FOR (1) WAGES, (2) NON-QUALIFYING BUSINESS INCOME AND (3) OTHER ORDINARY INCOME.
- QUALIFYING BUSINESS INCOME IS SUBJECT TO TAX UP TO 29.6% (AFTER TAKING INTO ACCOUNT 20% DEDUCTION).
- CAPITAL GAINS AND QUALIFIED DIVIDENDS SUBJECT TO TAX AT UP TO 23.8%.
- SUBJECT TO STATE TAX AT STATE RATES (UP TO 8.95% IN MD). NO DEDUCTION FOR STATE TAX.

C CORPORATIONS:

- FEDERAL INCOME TAX AT FLAT 21% ON ALL INCOME.
- SUBJECT TO STATE TAX AT STATE RATE; DEDUCTION FOR STATE TAX IS ALLOWED.

ENTITY CHOICE PLANNING IDEAS

CURRENT STRUCTURE

SEPARATE RENTAL
REAL ESTATE LLC
(PARTNERSHIP)

Owns real estate
Investment LLCs

REAL ESTATE
MANAGER LLC
(S CORPORATION)

Provides
management
services to real
estate LLCs

POSSIBLE STRUCTURE

SEPARATE
RENTAL REAL
ESTATE LLC
(PARTNERSHIP)

Owns real
estate
Investment
LLCs

REAL ESTATE
LENDER LLC
(C CORP)


Makes any
related party
loans

REAL ESTATE
MANAGER LLC
(S CORP)



Provides
management
services to real
estate LLCs

OTHER POTENTIAL USES FOR C CORPORATIONS:

- Second management company structured as a C corporation for non-distributed profits
- Use private REIT instead of partnership structure for real estate funds



**Planning Idea #3:
Planning for
Interest Expense
Limitation Rules
and Depreciation**

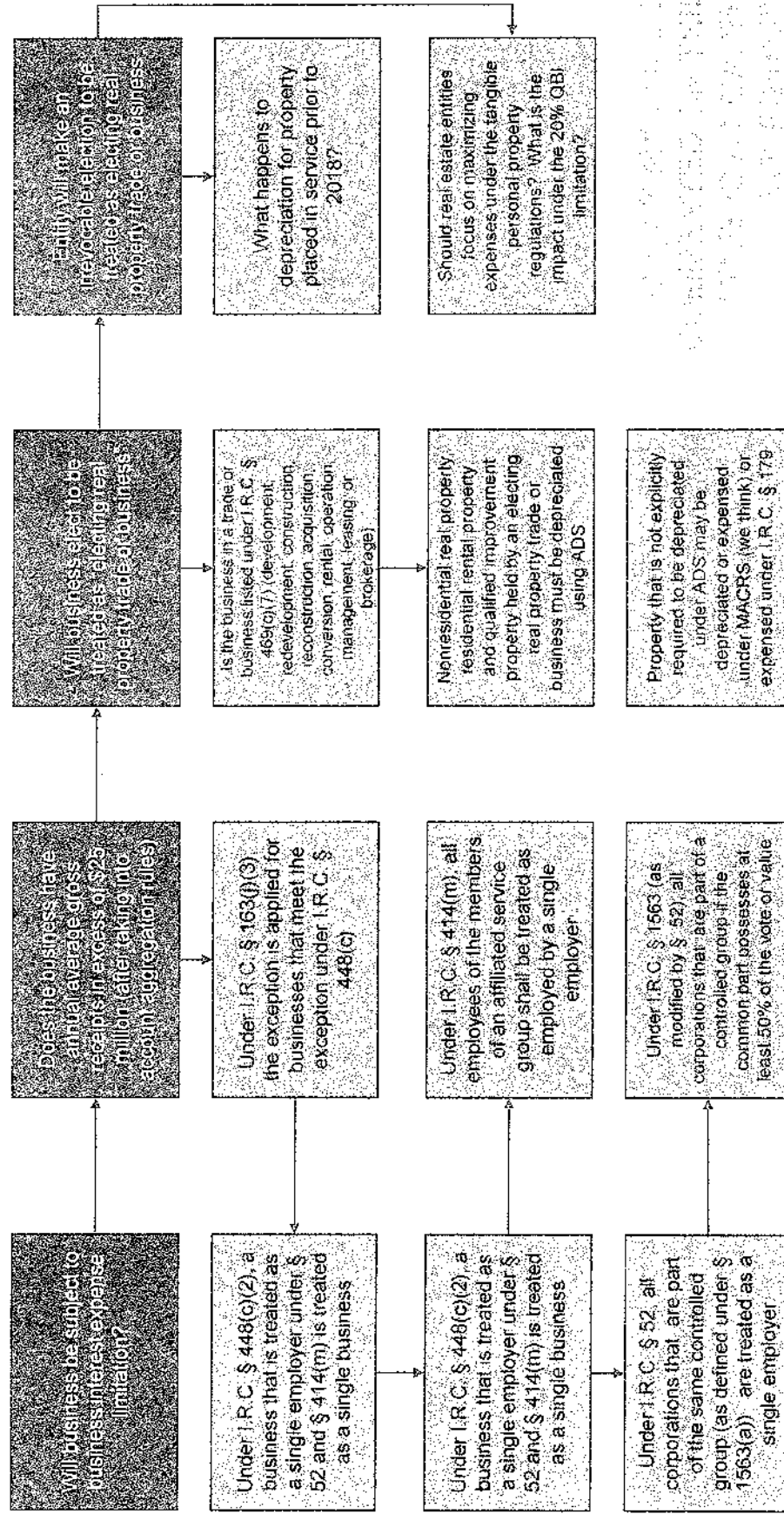


INTEREST EXPENSE LIMITATION SUMMARIZED

A TAXPAYER'S DEDUCTION FOR INTEREST EXPENSE IS LIMITED TO 30% OF ADJUSTED TAXABLE INCOME (I.E., EBITDA).

THE FINE PRINT: UNDER NEW LAW, ANY DISALLOWED INTEREST EXPENSES ARE CARRIED FORWARD. THE LIMITATION DOES NOT APPLY TO SMALL BUSINESS TAXPAYERS (UNDER \$25 MILLION AVERAGE GROSS RECEIPTS). A SPECIAL RULE EXISTS FOR REAL ESTATE TRADE OR BUSINESSES THAT ALLOWS FOR ENTITIES THAT ARE ENGAGED IN A REAL PROPERTY TRADE OR BUSINESS TO ELECT TO BE TREATED AS AN ELECTING REAL PROPERTY TRADE OR BUSINESS.

INTEREST EXPENSE LIMITATION ROADMAP FOR ELECTING REAL PROPERTY TRADE OR BUSINESS



INTEREST EXPENSE PLANNING IDEAS

CURRENT STRUCTURE

SEPARATE RENTAL
REAL ESTATE LLC
(PARTNERSHIP)

Owns real estate
investment LLCs

REAL ESTATE
MANAGER LLC
(S CORPORATION)

Provides
management
services to real
estate LLCs

POSSIBLE STRUCTURE

SEPARATE
RENTAL REAL
ESTATE LLC
(PARTNERSHIP)

Owns real
estate
investment
LLCs

REAL ESTATE
LENDER LLC
(C CORP)

Makes any
related party
loans

REAL ESTATE
MANAGER LLC
(S CORP)

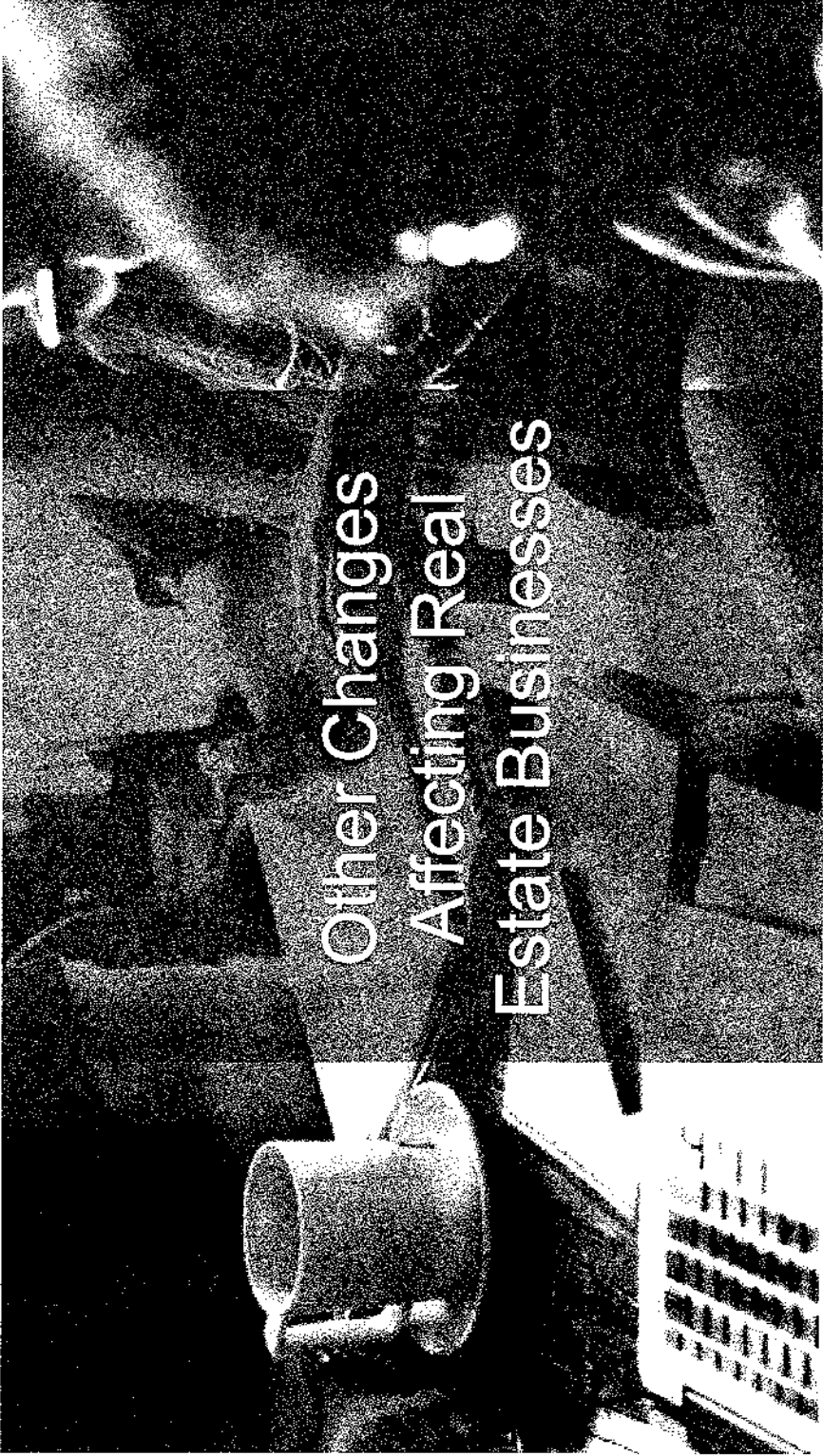
Provides
management
services to real
estate LLCs

OTHER POTENTIAL USES FOR C CORPORATIONS:

- Second management company structured as a C corporation for non-distributed profits
- Use private REIT instead of partnership structure for real estate funds

DEPRECIATION CHANGES SUMMARIZED

- Bonus Depreciation available as of September 28, 2017 for new and used property, and set at 100% deduction through 2022.
- Section 179 Limits increased to \$1,000,000 deduction and based on maximizing \$2,500,000 of property placed in service and certain real property will qualify such as HVAC, roofs and security systems.
- Qualified Improvements category replaces prior categories of improved leased property.



Other Changes Affecting Real Estate Businesses

What Other Provisions Affect Real Estate Businesses?

- **New Carried Interest Legislation:** Converts gains from property held more than one year but less than three years into short term capital gains.
- **Modifications to Net Operating Loss Rules:** NOLs cannot be carried back and will be limited to 80% of taxable income.
- **Increased Estate, Gift and GST Tax Exemption Amounts.**
- **Modifications to Section 1031 Exchanges** (now limited only to real estate).

Thank You

For More Information, Please Contact

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drosen@rsandf.com



A Cornucopia of Real Estate Capital



Presented by

John Black

President, MacKenzie Capital LLC



MACKENZIE



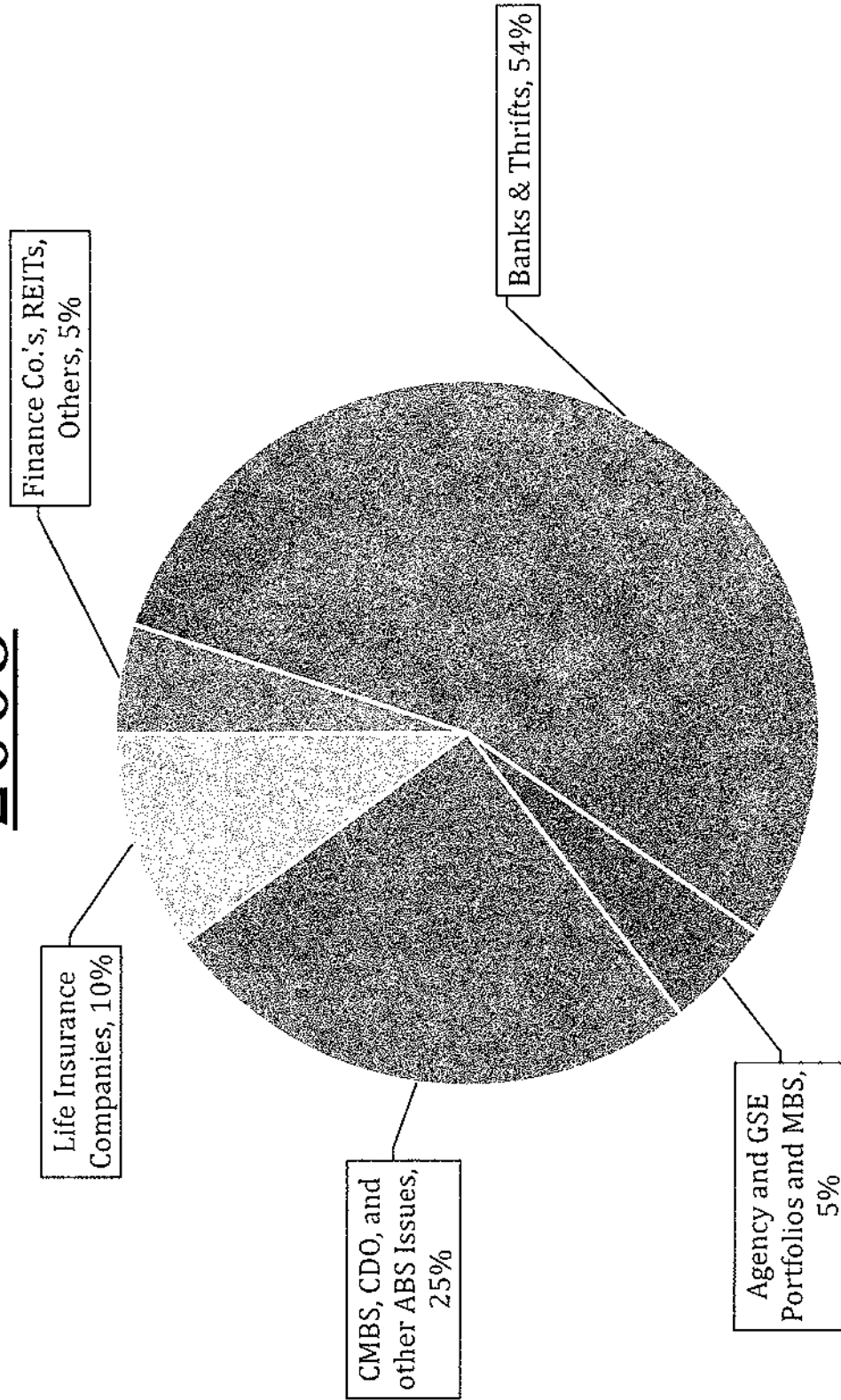
- MacKenzie Capital (“MacCap”) provides real estate finance and investment advice to our clients in their project capitalization needs (not just a mortgage broker)
- Affiliated with the MacKenzie Companies, a 220-person vertically-integrated commercial real estate company, MacCap has access to market, asset management, and construction cost knowledge and expertise to assist in our clients’ project underwriting
- We source the entire capital stack including first, mezz, and equity in order to best fulfill our clients’ project financing objectives
- We think and act like owners/investors



Mortgage Debt Outstanding in 2008



2008



Source: Mortgage Bankers Association

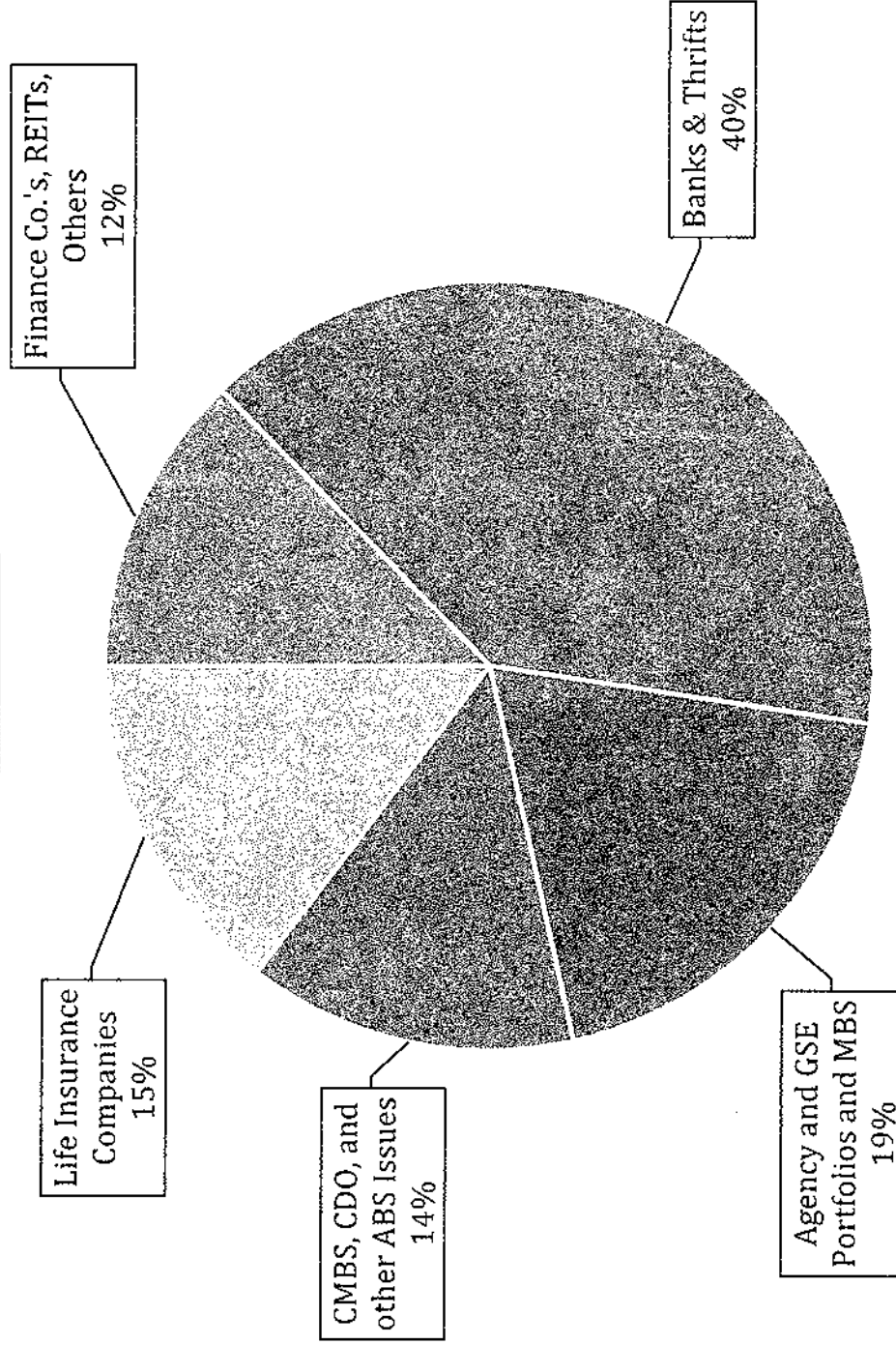
MACKENZIE



Mortgage Debt Outstanding in 2017



2017



Source: Mortgage Bankers Association

2017 vs. 2016 Mortgage Debt Outstanding



	Mortgage Debt Outstanding		Change			
	04/2017	04/2016				
	\$ Millions	% Total	\$ Millions	% Total	\$ Millions	Percent
Bank & Thrift	\$1,264,627	39.7%	\$1,193,502	40.0%	\$71,125	6.0%
Agency & GSE Portfolios & MBS	\$606,049	19.0%	\$520,989	17.5%	\$85,060	16.3%
Life Co.	\$467,928	14.7%	\$425,363	14.3%	\$42,565	10.0%
CMBS	\$440,920	13.9%	\$458,860	15.4%	(\$17,940)	-3.9%
State & Local Govt.	\$112,985	3.6%	\$108,848	3.7%	\$4,137	3.8%
Fed'l Govt.	\$84,978	2.7%	\$83,302	2.8%	\$1,676	2.0%
REITs	\$79,314	2.5%	\$69,405	2.3%	\$9,909	14.3%
Finance Co.	\$28,488	0.9%	\$31,542	1.1%	(\$3,054)	-9.7%
Nonfinancial Corp. Business	\$27,088	0.9%	\$24,070	0.8%	\$3,018	12.5%
Nonfarm Noncorp. Business	\$25,385	0.8%	\$24,129	0.8%	\$1,256	5.2%
Private Pension Funds	\$20,625	0.6%	\$20,701	0.7%	(\$76)	-0.4%
Other Insurance Co.	\$16,913	0.5%	\$14,916	0.5%	\$1,997	13.4%
State & Local Govt. Retirement	\$5,860	0.2%	\$5,295	0.2%	\$565	10.7%
Household Sector	\$1,096	0.0%	\$1,051	0.0%	\$45	4.3%
Total	\$3,182,256		\$2,981,973		\$200,283	6.7%

Source: Mortgage Bankers Association

Equity Raised

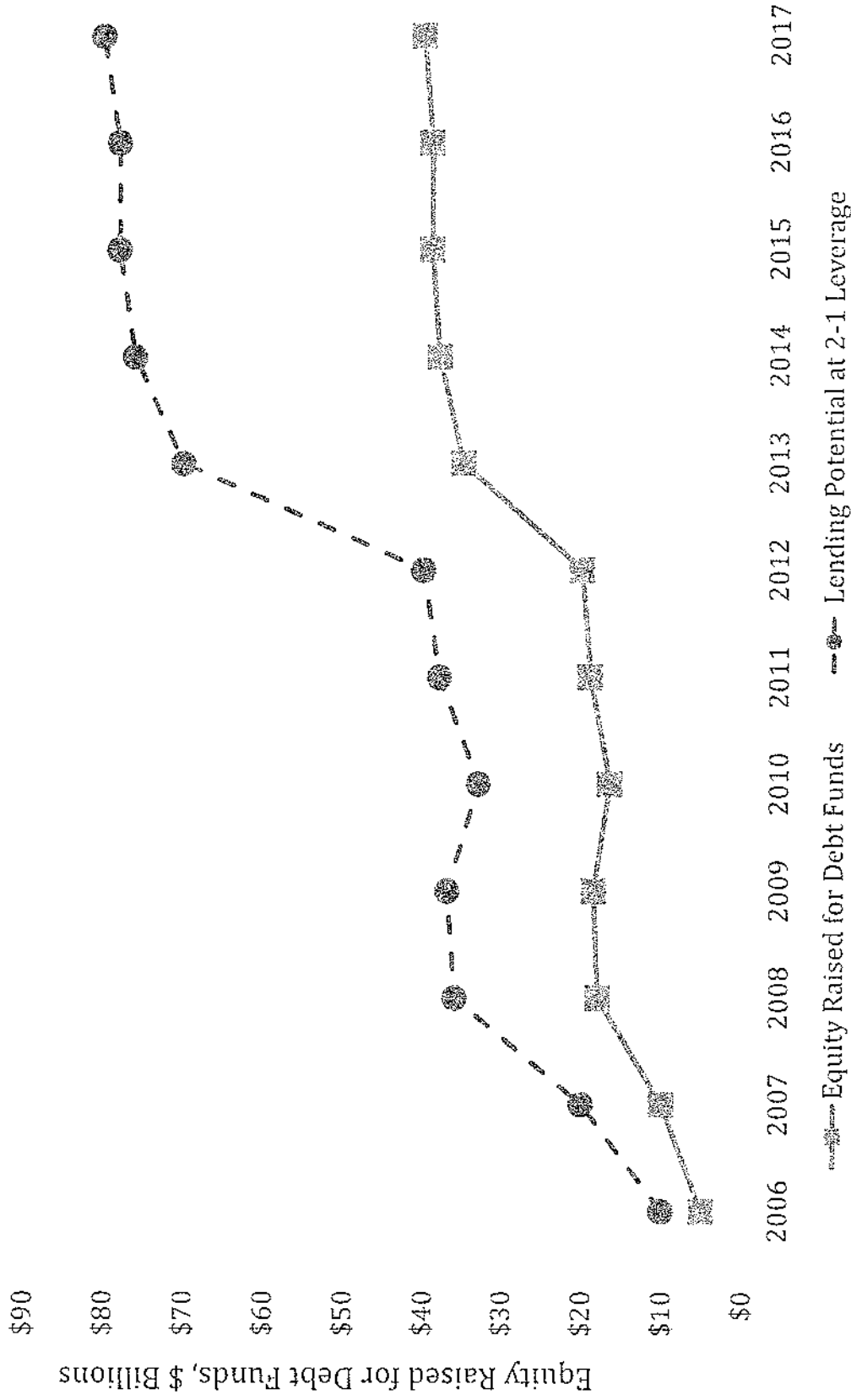
- Private RE funds have \$249,000,000 in dry powder
- Private real estate fund raising has been over \$100 billion globally over the last 3 years:
 - 2017: \$109,000,000,000
 - 2016: \$126,000,000,000
 - 2015: \$136,000,000,000
- US REIT equity raised in 2017: \$92,100,000,000
 - Previous high was \$77,000,000,000 in 2013
- High Net Worth/Family Office diversification strategy increasing allocations for CRE investments

Source: PREQIN

Debt Fund Capital Raised



Equity Raised for Debt Funds, 2006 - 2017



Source: PREQIN

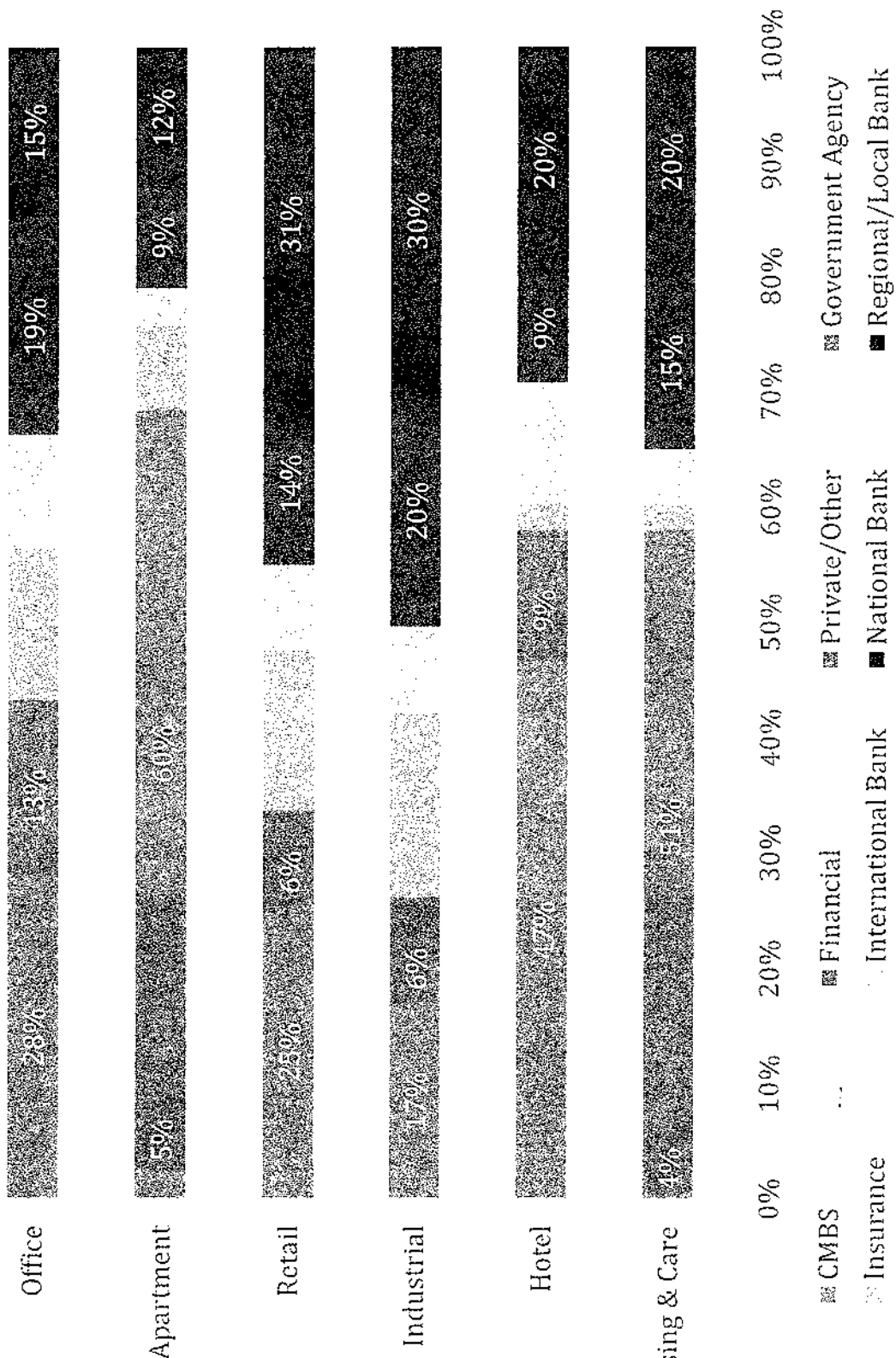
Current Market Conditions



- 30-day LIBOR is currently ~ 1.85%
- 102 basis points higher than one year ago
- 48 basis points higher than January 1, 2018
- The 30-day LIBOR Forward Curve is projected to be 2.50% in 12 months, another 75 basis point increase
- The 10-year UST is currently ~ 2.75%
- Approximately 25 basis points higher than one year ago
- Market anticipates the Fed will raise rates at least 3 times in 2018
- Capital is plentiful at slightly higher price points; plenty of dry powder
- Property markets are disjointed

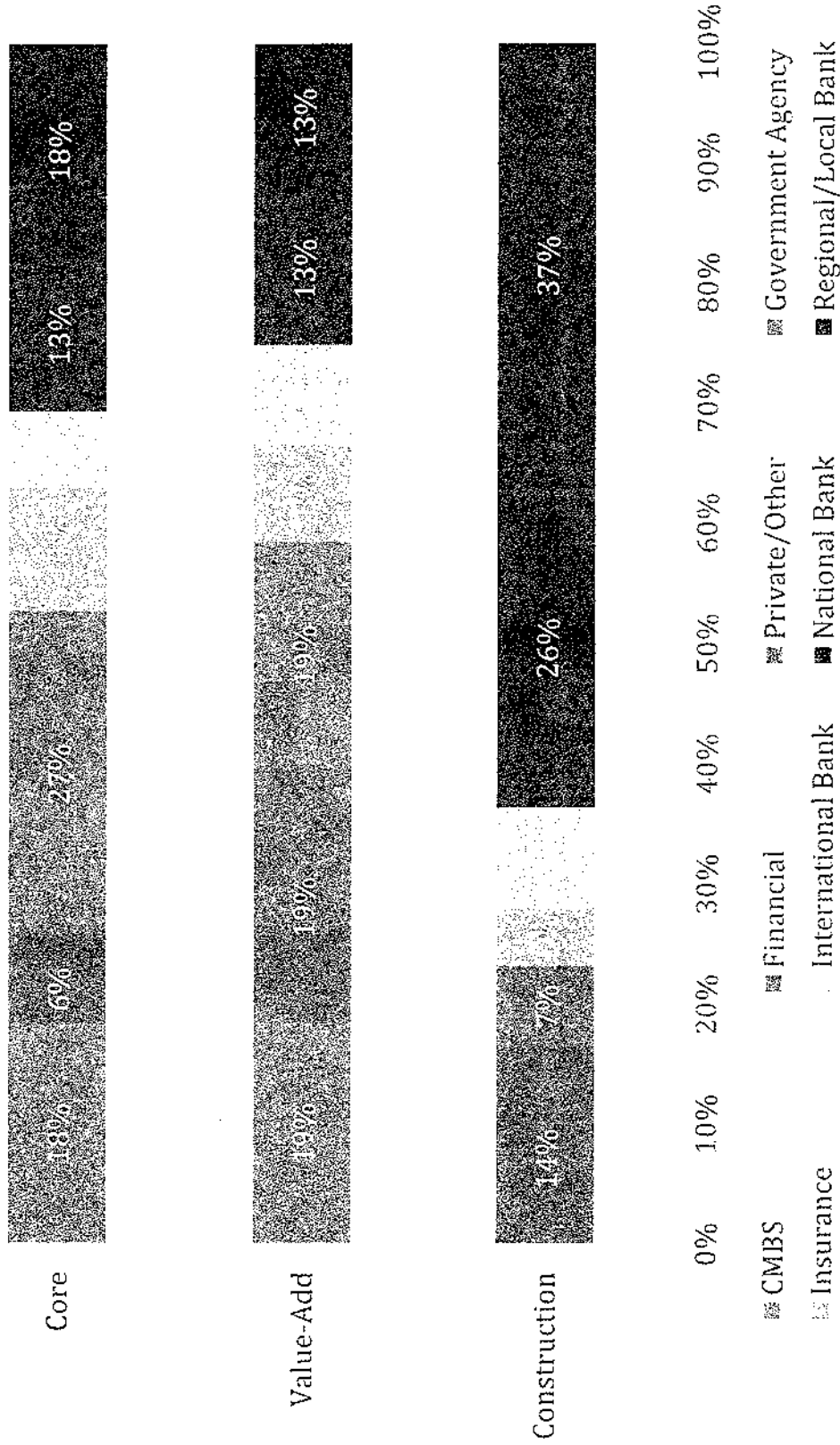


2017 Lender Composition By Property Type



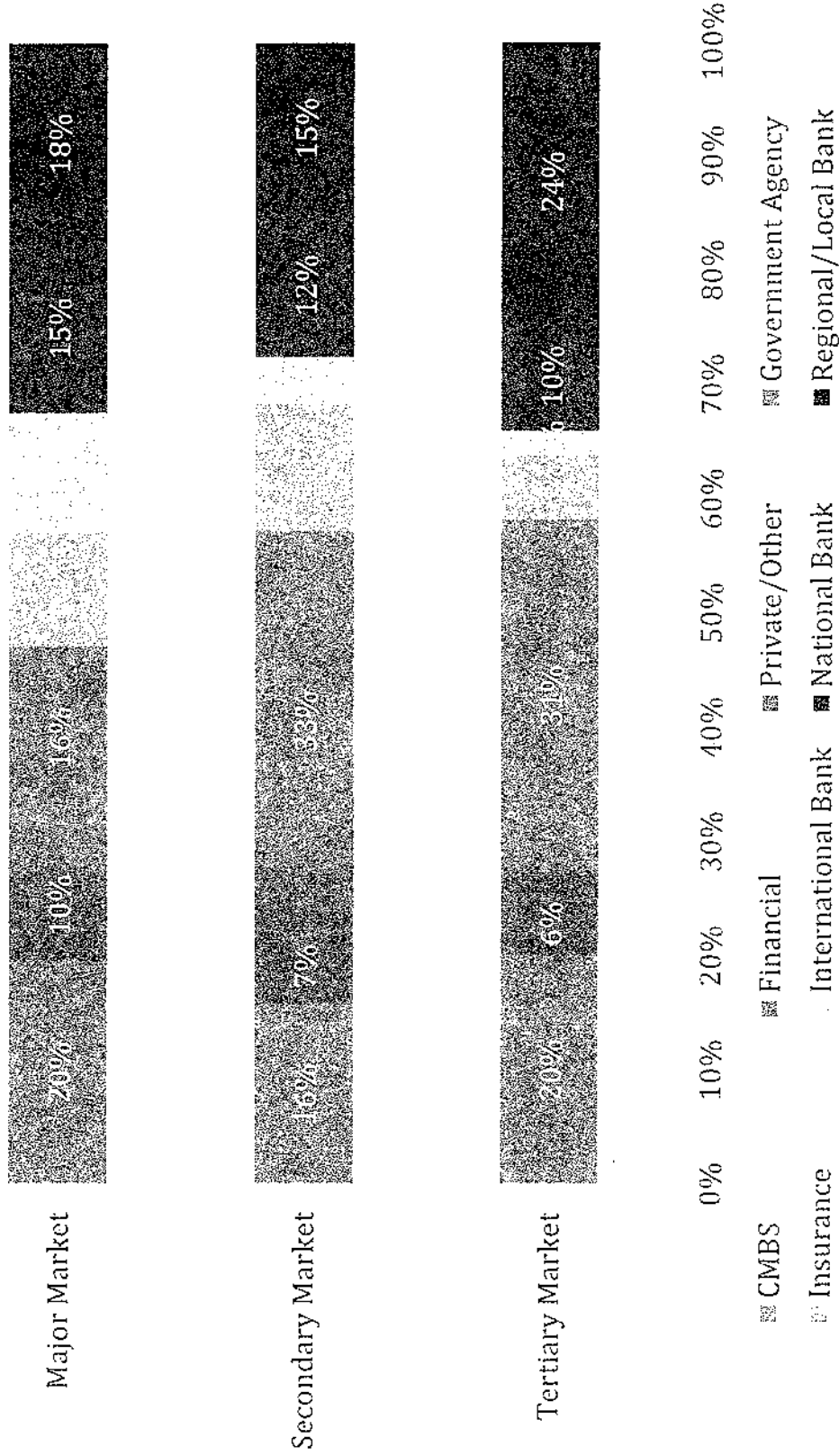
Source: Real Capital Analytics

2017 Lender Composition by Investment Strategy



Source: Real Capital Analytics

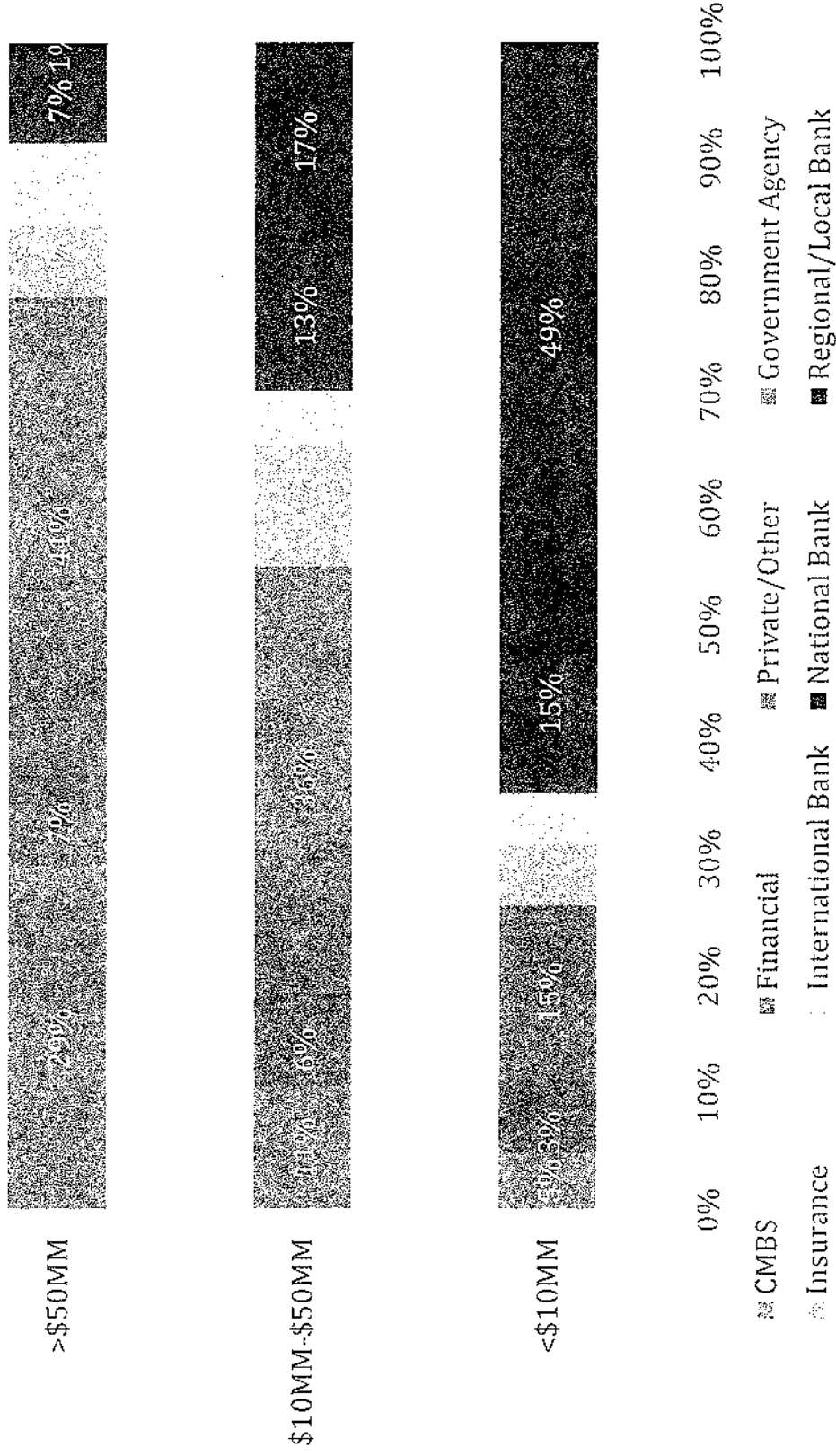
2017 Lender Composition by Market Tier



Source: Real Capital Analytics

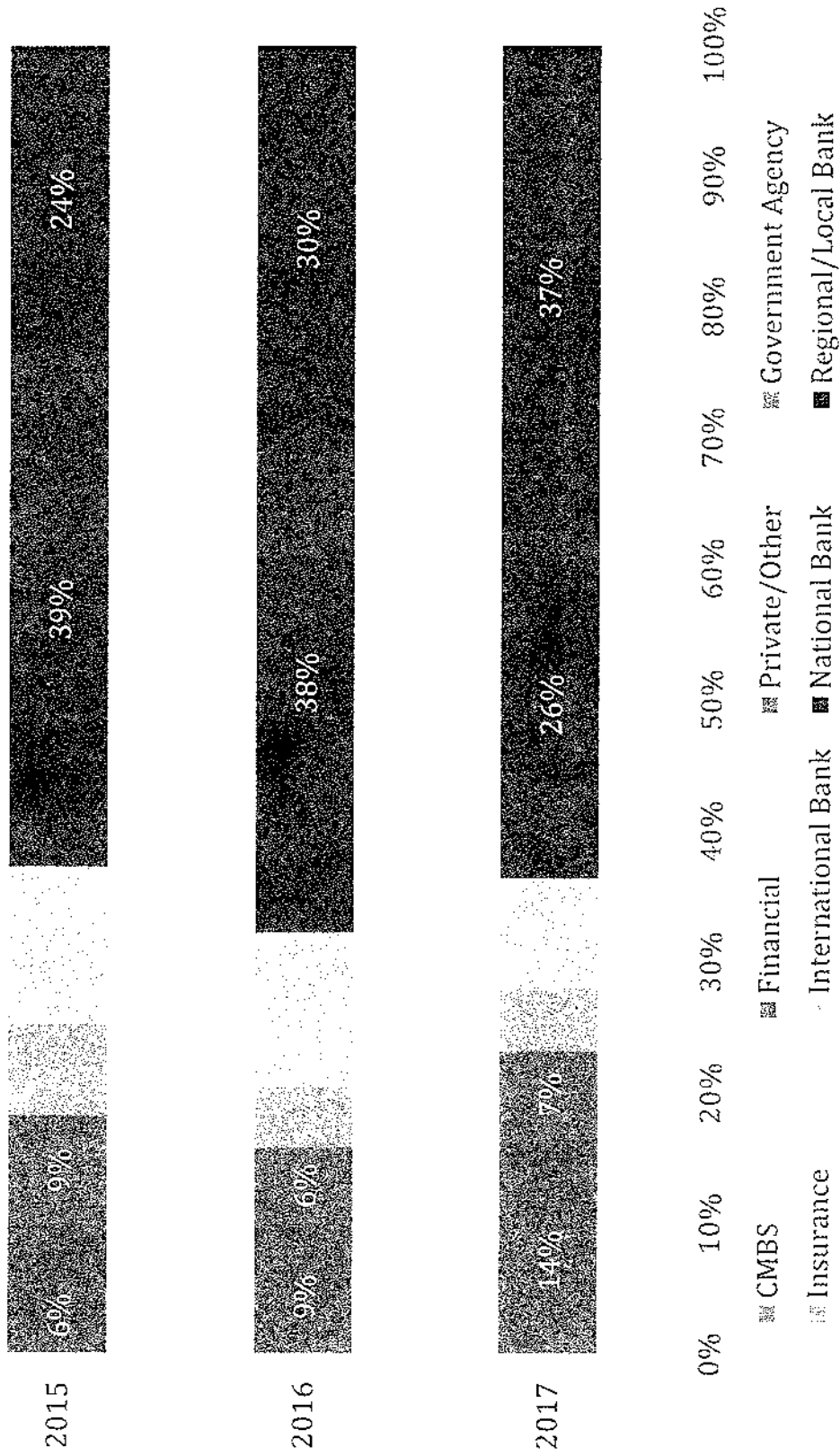


2017 Lender Composition by Loan Size



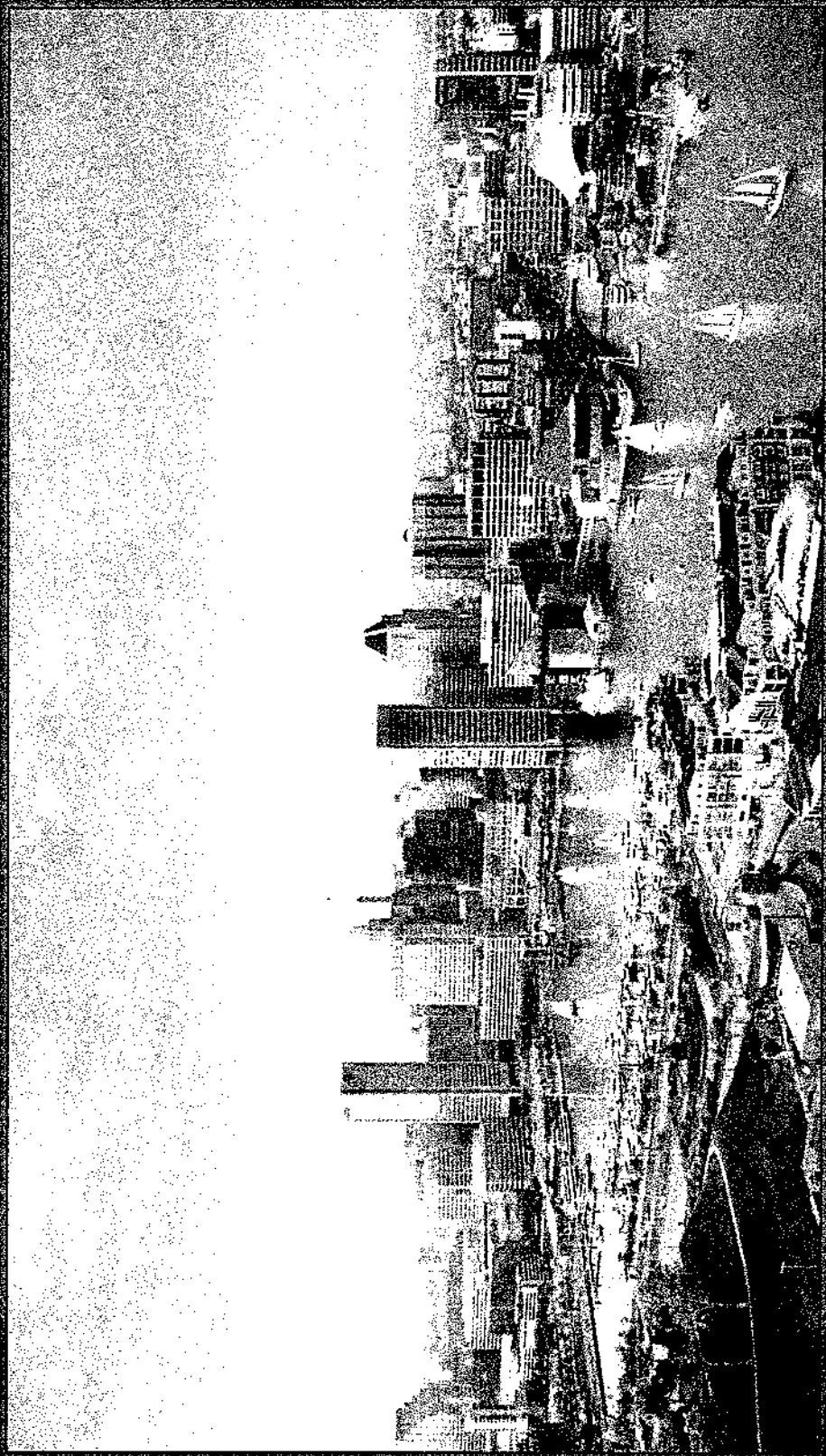
Source: Real Capital Analytics

Construction Lender Composition over Last 3 Years



Source: Real Capital Analytics

Thank You



John Black

President, MacKenzie Capital LLC

 **MACKENZIE**

MYLESTITLE ADVISORY COUNCIL MEETING APRIL 5, 2018

I. Introduction

- a. Welcome to MT AC
- b. Topics covered and why
 - i. The 2017 Tax Act: *Tax Planning for Real Estate in an Age of Uncertainty – Strategies, Opportunities (And Pitfalls)*
 - ii. Capital Cornucopia - Navigating Multiple Real Estate Financing Options
 - iii. The 2017 Baltimore Waterfront “War Horse Cities” Purchase: *Appreciating the complexity of Commercial Title & Real Estate Insurance Underwriting Issues*
- c. Intro to MT Panelists
 - i. David Rosen, Esq. *CPA Partner, Director of Tax Services Rosen, Sapperstein & Friedlander, LL C*
 - ii. John Black *President, MacKenzie Capital, LLC*
 - iii. Myles Lichtenberg, Esq. *Managing Principal, MylesTitle Law Office of Myles L. Lichtenberg. P.A.*

II. Why Title Matters

- a. Isn't all title the same?
- b. Managing Risk?
 - i. Isn't this just about complicated, large projects?
- c. Latent Defect Concept
- d. Why MylesTitle is a TIPIC
 - i. Features
 - ii. Benefits
 - iii. Difficulties
- e. How Baltimore Waterfront “War Horse Cities” project illustrates the value of a TIPIC, and how a TIPIC is valuable in most commercial transactions.

III. Project Overview

- a. BBJ Article Overview
- b. General Description of the project

IV. Title Issues: How are these “issues” insured:

- a. Street Closings
- b. Condominiums: RAE
- c. Riparian Rights
- d. Air Rights
- e. Merger of Estates
- f. Survey Issues
- g. Multiple Property Owners
- h. Allocation for Purchase Money Mortgage Exemption
- i. Closing Statement
- j. Title Policy & Title Policy Endorsements

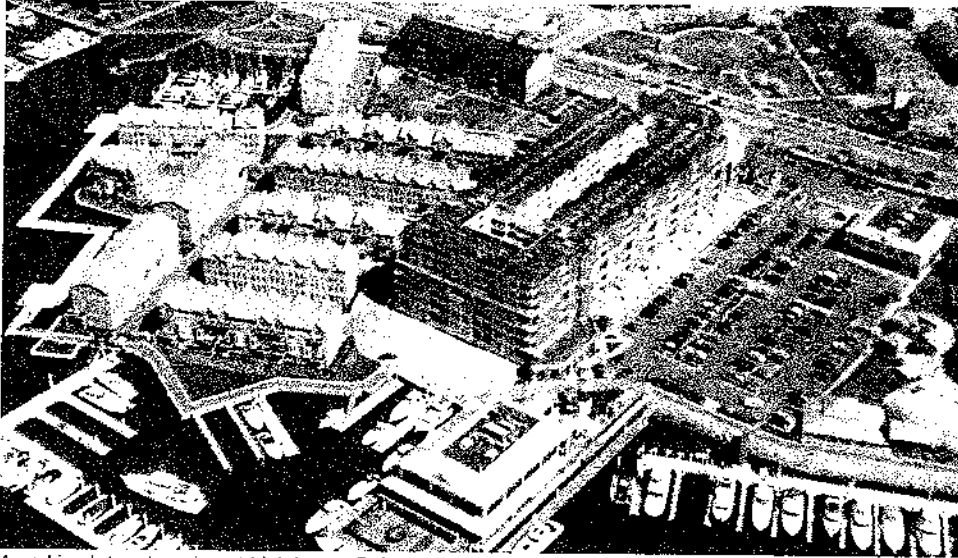
V. Conclusion

- a. Why it matters
- b. Time & Money Savings
- c. Adds Protection / Reduces Risk

*"There are known knowns.
These are things we know that
we know. There are known
unknowns. That is to say, there
are things that we know we
don't know. But there are also
unknown unknowns. There are
things we don't know we don't
know."*

— Donald Rumsfeld

Exclusive: Scott Plank buys waterfront Canton properties, heliport for more than \$22.5M



A parking lot and marina at Lighthouse Point are part of the properties acquired by Scott Plank.



By Melody Simmons – Reporter, Baltimore Business Journal
Oct 25, 2017, 7:41pm EDT Updated Oct 26, 2017, 11:17am

A sprawling, active marina, helipad and several other retail and restaurant properties on Canton's waterfront were acquired last week by developer Scott Plank for more than \$22.5 million.

Plank's War Horse Cities made the purchase of the properties that include the famous Bo Brooks Restaurant as part of the Lighthouse Point and Baltimore Marine Centers portfolio sold by Selvin Passen, who has owned the waterfront real estate for more than a decade.

It adds to the War Horse holdings in the area that include stakes in the posh Sagamore Pendry Hotel in Fells Point and Anthem House in Locust Point, both of which opened over the past year.

Plank, a former Under Armour Inc. executive, said the purchase of the marina could figure into the future operations of the water taxi system on the city's Inner Harbor.

The water taxi was purchased last year by Sagamore Ventures, an investment company owned by Plank's brother, Kevin Plank, founder and CEO of Under Armour and is not affiliated with War Horse Cities.

The marina and heliport settlements took place Oct. 18, state records show. Plank paid \$14.05 million for the 7-pad heliport and the air rights at 1800 Clinton St. and \$8.5 million for the marina, a large parking lot, businesses and a boat storage facility at Lighthouse Point East, located off of Boston Street, the records show.

While Plank declined to reveal the exact total of the transaction, he did say the portfolio has over 16 entities. It is known in the community as the Baltimore Marine Centers' Inner Harbor West and Lighthouse Point locations.



Scott Plank is the CEO of War Horse Cities.

The Baltimore Marine Centers' heliport and marine maintenance shed is a privately-owned, publicly used aviation center on Pier 7, south of Canton Crossing.

The total acquisition includes 800 boat slips, office space, retail, the heliport, a marine and helicopter fueling station and a marine and helicopter maintenance facility, Plank said late Wednesday.

"We think it's a continued investment into the parts of the city where we can make a substantial difference," he said. "It's about bringing more people to town or bringing new things to folks already here." Plans for the future of the sites would be drafted over the coming months by War Horse Cities, Plank said.

"Getting this transaction closed was complicated, and now we will take the fall and winter and do a lot of planning and winter improvements. It will take a full business cycle to know what we really have," he said. "More importantly, it's pretty nice what we've got: Bo Brooks, some retail, Cannery Row, the heliport - the only active (privately owned) one in town, a store, a 'boatel,' so for us it's a quality group of assets that have been run very well."

Plank said he and other War Horse officials met with business owners and marina workers Tuesday to introduce their company and discuss the planning phase for the properties over the coming year.

"We were talking with them to help them understand who we are and taking the mystery out of the situation," he said.

Considerations for private companies, based on lessons learned from early implementations .

"The nice thing for us is we can be a leader to pull people together to create what I think will be a fantastic even more amplified experience for boaters coming into the harbor. It's important for the success of the city."

Passen said in a statement he believes War Horse will continue the development success he had overseen at Lighthouse Point.

"I have been committed to the City of Baltimore and these important assets for many decades. I am both excited and proud for the next generation of investors and developers to drive these assets for our customers," Passen said.

"War Horse Cities is one of the only firms we considered for this portfolio, given their roots in Baltimore and strong track record of community-based execution."

Earlier this year, War Horse Cities' nonprofit entity completed renovations of the Western Police District in Sandtown. It is also working on a redevelopment project for the Hollins Market and surrounding community off of the Martin Luther King Boulevard in southwest Baltimore.

War Horse, founded seven years ago, also owns Belvedere Square in North Baltimore and supports the Downtown Sailing Club.

ENDORSEMENT DELETION OF ARBITRATION

Attached to and forming part of
Policy No:

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

This policy is amended by deleting therefrom:

- (A) If this endorsement is attached to an ALTA (10-17-92) Loan Policy: Conditions and Stipulations Section 13.
- (B) If this endorsement is attached to an ALTA (6-17-06) Loan Policy: Conditions and Stipulations Section 13.
- (C) If this endorsement is attached to an ALTA (10-17-92) Owner's Policy: Conditions and Stipulations Section 14.
- (D) If this endorsement is attached to an ALTA (6-17-06) Owner's Policy: Conditions and Stipulations Section 14.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this ____ day of _____, _____

Issued by:

Authorized Signatory

ALTA ENDORSEMENT 3.1-06 ZONING-COMPLETED STRUCTURE

Attached to and forming a part of

Policy No. _____

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

1. The Company insures against loss or damage sustained by the Insured in the event that, at Date of Policy,
 - a. according to applicable zoning ordinances and amendments, the Land is not classified Zone _____;
 - b. the following use or uses are not allowed under that classification:
 - c. There shall be no liability under paragraph 1.b. if the use or uses are not allowed as the result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning ordinances and amendments, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses. This paragraph 1.c. does not modify or limit the coverage provided in Covered Risk 5.

2. The Company further insures against loss or damage sustained by the Insured by reason of a final decree of a court of competent jurisdiction
 - a. prohibiting the use of the Land, with any existing structure, as insured in paragraph 1.b.; or
 - b. requiring the removal or alteration of the structure on the basis that, at Date of Policy, the zoning ordinances and amendments have been violated with respect to any of the following matters:
 - i. Area, width, or depth of the Land as a building site for the structure
 - ii. Floor space area of the structure
 - iii. Setback of the structure from the property lines of the Land
 - iv. Height of the structure, or
 - v. Number of parking spaces.

3. There shall be no liability under this endorsement based on
 - a. the invalidity of the zoning ordinances and amendments until after a final decree of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses;
 - b. the refusal of any person to purchase, lease or lend money on the Title covered by this policy.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT 4-06 CONDOMINIUM

Attached to and forming a part of
Policy No. _____
Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of:

1. The failure of the unit identified in Schedule A and its common elements to be part of a condominium within the meaning of the condominium statutes of the jurisdiction in which the unit and its common elements are located.
2. The failure of the documents required by the condominium statutes to comply with the requirements of the statutes to the extent that such failure affects the Title to the unit and its common elements.
3. Present violations of any restrictive covenants that restrict the use of the unit and its common elements and that are contained in the condominium documents. The restrictive covenants do not contain any provisions that will cause a forfeiture or reversion of the Title. As used in this paragraph 3, the words "restrictive covenants" do not refer to or include any covenant, condition, or restriction (a) relating to obligations of any type to perform maintenance, repair, or remediation on the Land, or (b) pertaining to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances, except to the extent that a notice of a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy and is not excepted in Schedule B.
4. The priority of any lien for charges and assessments at Date of Policy provided for in the condominium statutes and condominium documents over the lien of any Insured Mortgage identified in Schedule A.
5. The failure of the unit and its common elements to be entitled by law to be assessed for real property taxes as a separate parcel.
6. Any obligation to remove any improvements that exist at Date of Policy because of any present encroachments or because of any future unintentional encroachment of the common elements upon any unit or of any unit upon the common elements or another unit.
7. The failure of the Title by reason of a right of first refusal, to purchase the unit and its common elements that was exercised or could have been exercised at Date of Policy.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT 6-06 VARIABLE RATE MORTGAGE

Attached to and forming a part of

Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of:

1. The invalidity or unenforceability of the lien of the Insured Mortgage resulting from its provisions that provide for changes in the rate of interest.
2. Loss of priority of the lien of the Insured Mortgage as security for the unpaid principal balance of the loan, together with interest as changed in accordance with the provisions of the Insured Mortgage, which loss of priority is caused by the changes in the rate of interest.

"Changes in the rate of interest", as used in this endorsement, shall mean only those changes in the rate of interest calculated pursuant to the formula provided in the Insured Mortgage at Date of Policy.

This endorsement does not insure against loss or damage based upon:

1. usury, or
2. any consumer credit protection or truth in lending law.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

**ALTA ENDORSEMENT 8.2-06
COMMERCIAL ENVIRONMENTAL PROTECTION LIEN
(ALTA Rev. 10-16-08)**

Attached to Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of an environmental protection lien that, at Date of Policy, is recorded in the Public Records or filed in the records of the clerk of the United States district court for the district in which the Land is located, unless the environmental protection lien is set forth as an exception in Schedule B.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

GENERAL ENDORSEMENT

Endorsement No. ALTA 9-06
which is attached to and made a part of
Loan Policy No.

Issued By

WESTCOR LAND TITLE INSURANCE COMPANY

**ALTA Endorsement 9-06
(Restrictions, Encroachments, Minerals – Loan Policy)
Revised 4-02-12**

1. The insurance provided by this endorsement is subject to the exclusions in Section 5 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. For the purposes of this endorsement only:
 - a. "Covenant" means a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.
 - b. "Improvement" means an improvement, including any lawn, shrubbery, or trees, affixed to either the Land or adjoining land at Date of Policy that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
 - a. A violation of a Covenant that:
 - i. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
 - ii. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
 - iii. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness;
 - b. A violation on the Land at Date of Policy of an enforceable Covenant, unless an exception in Schedule B of the policy identifies the violation;
 - c. Enforced removal of an improvement located on the Land as a result of a violation, at Date of Policy, of a building setback line shown on a plat of subdivision recorded or filed in the Public Records, unless an exception in Schedule B of the policy identifies the violation; or
 - d. A notice of a violation, recorded in the Public Records at Date of Policy, of an enforceable Covenant relating to environmental protection describing any part of the Land and referring to that Covenant, but only to the extent of the violation of the Covenant referred to in that notice, unless an exception in Schedule B of the policy identifies the notice of the violation.
4. The Company insures against loss or damage sustained by reason of:
 - a. An encroachment of:
 - i. an Improvement located on the Land, at Date of Policy, onto adjoining land or onto that portion of the Land subject to an easement; or
 - ii. an Improvement located on adjoining land onto the Land at Date of Policy
unless an exception in Schedule B of the policy identifies the encroachment otherwise insured against in Sections 4.a.i. or 4.a.ii.;
 - b. A final court order or judgment requiring the removal from any land adjoining the Land of an encroachment identified in Schedule B; or

- c. Damage to an Improvement located on the Land, at Date of Policy:
 - i. that is located on or encroaches onto that portion of the Land subject to an easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved; or
 - ii. resulting from the future exercise of a right to use the surface of the Land for the extraction or development of minerals or any other subsurface substances excepted from the description of the Land or excepted in Schedule B.
- 5. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
 - a. any Covenant contained in an instrument creating a lease;
 - b. any Covenant relating to obligations of any type to perform maintenance, repair, or remediation on the Land;
 - c. except as provided in Section 3.d, any Covenant relating to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances;
 - d. contamination, explosion, fire, fracturing, vibration, earthquake or subsidence; or
 - e. negligence by a person or an Entity exercising a right to extract or develop minerals or other subsurface substances.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated
Issued By:

Authorized Signatory

ALTA ENDORSEMENT FORM 17-06 ACCESS AND ENTRY

Attached to and forming a part of

Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the Land does not abut and have both actual vehicular and pedestrian access to and from _____ (the "Street"), (ii) the Street is not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT FORM 17.1-06 INDIRECT ACCESS AND ENTRY

Attached to and forming a part of

Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the easement identified as _____ in Schedule A (the "Easement") does not provide that portion of the Land identified in Schedule A both actual vehicular and pedestrian access to and from _____ (the "Street"), (ii) the Street is not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Easement.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT FORM 17.2-06 UTILITY ACCESS

Attached to and forming a part of

Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the lack of access to the following utilities or services:

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> Water service | <input checked="" type="checkbox"/> Natural gas service | <input checked="" type="checkbox"/> Telephone service |
| <input checked="" type="checkbox"/> Electrical power service | <input checked="" type="checkbox"/> Sanitary Sewer | <input type="checkbox"/> Storm Water drainage |
| <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ |

Either over, under or upon rights-of-way or easements for the benefit of the Land because of:

- (1) a gap or gore between the boundaries of the Land and the rights-of-way or easements;
- (2) a gap between the boundaries of the rights-of-way or easements; or
- (3) termination by a grantor, or its successor, of the rights-of-way or easements.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT FORM 18.1-06 MULTIPLE TAX PARCEL

Attached to and forming a part of

Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of:

1. Those portions of the Land identified below not being assessed for real estate taxes under the listed tax identification numbers or those tax identification numbers including any additional land:

Parcel:	Tax Identification Numbers:
1	
2	

2. The easements, if any, described in Schedule A being cut off or disturbed by the nonpayment of real estate taxes, assessments or other charges imposed on the servient estate by a governmental authority.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

State: County:

Agent Number: Order Number:

ALTA ENDORSEMENT FORM 19-06 CONTIGUITY - MULTIPLE PARCELS

Attached to and forming a part of
Policy No. _____
Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of:

1. The failure [of the _____ boundary line of Parcel A] of the Land to be contiguous to [the _____ boundary line of Parcel B]

(NOTE: For more than two parcels, continue as follows: “; of [the _____ boundary line of Parcel B] of the Land to be contiguous to [the _____ boundary line of Parcel C] and so on until all contiguous parcels described in the policy have been accounted for.); or

2. The presence of any gaps, strips, or gores separating any of the contiguous boundary lines described above.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

ALTA ENDORSEMENT FORM 20-06 FIRST LOSS - MULTIPLE PARCEL TRANSACTIONS

Attached to and forming a part of

Policy No. _____

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

This endorsement is effective only if the Collateral includes at least two parcels of real property.

1. For the purposes of this endorsement:
 - a. "Collateral" means all property, including the Land, given as security for the Indebtedness.
 - b. "Material Impairment Amount" means the amount by which any matter covered by this policy for which a claim is made diminishes the value of the Collateral below the Indebtedness.

2. In the event of a claim resulting from a matter insured against by this policy, the Company agrees to pay that portion of the Material Impairment Amount that does not exceed the limits of liability imposed by Sections 2 and 8 of the Conditions without requiring:
 - a. maturity of the Indebtedness by acceleration or otherwise,
 - b. pursuit by the Insured of its remedies against the Collateral,
 - c. pursuit by the Insured of its remedies under any guaranty, bond or other insurance policy.

3. Nothing in this endorsement shall impair the Company's right of subrogation. However, the Company agrees that its right of subrogation shall be subordinate to the rights and remedies of the Insured. The Company's right of subrogation shall include the right to recover the amount paid to the Insured pursuant to paragraph 2 from any debtor or guarantor of the Indebtedness, after payment or other satisfaction of the remainder of the Indebtedness and other obligations secured by the lien of the Insured Mortgage. The Company shall have the right to recoup from the Insured Claimant any amount received by it in excess of the Indebtedness up to the amount of the payment under paragraph 2.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

**ALTA ENDORSEMENT 25-06
SAME AS SURVEY
(ALTA Rev. 10-16-08)**

Attached to Policy No. _____

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified on the survey made by _____ dated _____, and designated Job No. _____.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

**ALTA ENDORSEMENT 26-06
SUBDIVISION
(ALTA Rev. 10-16-08)**

Attached to Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land to constitute a lawfully created parcel according to the subdivision statutes and local subdivision ordinances applicable to the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory

**ALTA ENDORSEMENT 27-06
USURY
(ALTA Rev. 10-16-08)**

Attached to Policy No.

Issued by

WESTCOR LAND TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the invalidity or unenforceability of the lien of the Insured Mortgage as security for the Indebtedness because the loan secured by the Insured Mortgage violates the usury law of the state where the Land is located.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated this _____ day of _____, _____

Issued By:

Authorized Signatory