

Personal Property Title Insurance Owner's Policy (PPT-1)

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 15 of the Conditions.

Attached to Policy No.

Issued by

BLANK TITLE INSURANCE COMPANY

HEREIN CALLED THE COMPANY

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, BLANK TITLE INSURANCE COMPANY, a Blank corporation (herein called the "Company"), insures, as of Date of Policy and, to the extent stated in Covered Risks 4 and 6, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Any outstanding financing statement covering the Collateral and filed against Purported Former Owners of Collateral (even if filed under any assumed name, any trade name, or any former name of a Purported Former Owner of Collateral, to the extent set forth in Schedule A hereto);
2. Any financing statement covering the Collateral and filed against Purported Former Owners of Collateral (even if filed under any assumed name, any trade name, or any former name of a Purported Former Owner of Collateral) which was wrongfully terminated by Purported Former Owners of Collateral;
3. Any outstanding Federal Tax Lien, State Tax Lien, Judgment Lien or other notice of lien covering the Collateral filed against Purported Former Owners of Collateral (even if filed under any assumed name, any trade name, or any former name of a Purported Former Owner of Collateral, to the extent set forth in Schedule A hereto);
4. Any other financing statement, Federal Tax Lien, State Tax Lien, Judgment Lien or other notice of lien covering the Collateral filed against Purported Former Owners of Collateral (even if filed under any assumed name, any trade name, or any former name of a Purported Former Owner of Collateral, to the extent set forth in Schedule A hereto) on or prior to Date of Policy and not indexed at Date of Policy;
5. Any other financing statement covering the Collateral filed against Purported Former Owners of Collateral (even if filed under any assumed name, any trade name, or any former name of a Purported Former Owner of Collateral, to the extent set forth in Schedule A hereto) communicated to the Central Office of a State and wrongfully rejected for filing or incorrectly indexed;
6. Enforceability of any third party's purchase-money security interest in the Collateral created by Purported Former Owners of Collateral if the purchase-money security interest is temporarily perfected at Date of Policy without filing or possession and is subsequently perfected by the filing of a financing statement against Purported Former Owners of Collateral in the Central Office of a State within 20 days after Date of Policy; however, the insurance under this item 6 is limited to the Insured's actual loss in excess of the Deductible Amount, but not to exceed the Maximum Liability;

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the Insured, 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 which arise by reason of:

1. 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, whether or not recorded in the Public Records, 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; or

- (d) arising, attaching, perfected or created subsequent to Date of Policy; provided that this exclusion does not limit the coverage described in Covered Risks 4 and 6.
2. Any claim, which arises out of the transaction pursuant to which the Insured acquires rights in the Collateral, by reason of the operation of receivership, federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of rights of the Insured in the Collateral as a result of the application of the doctrine of equitable subordination;
 - (c) the transaction being deemed a preferential transfer; or
 - (d) the lack of authority of Purported Former Owners of Collateral to execute, authorize or authenticate the transfer or conveyance of rights in the Collateral to the Insured because of a receivership, federal bankruptcy, or state insolvency proceeding.
 3. Any financing statement, security interest, or other lien not filed in a Central Office in a State.
 4. Lack of ownership of the Collateral by the Insured or Purported Former Owners of Collateral, or lack of authority of Purported Former Owners of Collateral to execute, authorize or authenticate the transfer or conveyance of rights in the Collateral to the Insured, or claims as to any Collateral as to which Purported Former Owners of Collateral had rights as a lessee or licensee, or any defect in the transfer or conveyance of rights in the Collateral due to failure to obtain the consent of any person other than the Debtor.
 5. Any financing statement, security interest, or other lien filed against or attaching to the interest of any person other than Purported Former Owners of Collateral, any assumed name of the Purported Former Owners of Collateral, any trade name of the Purported Former Owners of Collateral, or any former name of a Purported Former Owners of Collateral (by consolidation, conversion, merger, name change or other legal means)
 6. Any claim that value has not been given.
 7. Any claim by a person in possession, custody or control of the Collateral.
 8. The occurrence of any of the following events after Date of Policy: (a) change in any information provided in Schedule A, (b) change to any document referred to in Schedule A, or (c) any change in applicable law.
 9. Any claim resulting from the application of any substantive law of any jurisdiction except a State.
 10. The failure of the Insured or the transaction to comply with applicable law.
 11. Rights of a securities intermediary or a bank when (a) the securities intermediary holds a security interest in a security entitlement or a securities account maintained with the securities intermediary; or (b) the bank holds a security interest in a deposit account maintained with the bank.
 12. Rights of a commodity intermediary in a commodity contract or a commodity account.
 13. Any claim or defense arising under or recognized by Article 8 of the Uniform Commercial Code with respect to any portion of the Collateral that constitutes a certificated security, a securities account, a securities entitlement or an uncertificated security,
 14. A bank's right to recoupment in a deposit account maintained with it, or the bank's right of set-off on its security interest in such account.
 15. The Security Agreement, Financing Statement and the security interest.

CONDITIONS

1. DEFINITION OF TERMS.

Any term or phrase used in this policy, not defined in this policy, and defined or used in the Uniform Commercial Code, shall have the meaning given to it in the Uniform Commercial Code by definition or applicable usage. If a term is defined or used in Article 9 of the Uniform Commercial Code and is defined or used in a different manner in another article of the Uniform Commercial Code, the definition or usage in Article 9 shall control.

In addition to the terms defined on Schedule A hereto, the following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions
- (b) "Collateral": collateral which is reasonably identified in the Security Agreement and in the Financing Statement in compliance with applicable requirements of Article 9 of the Uniform Commercial Code, and

which is located in a State at Date of Policy. Collateral does not include: (i) collateral that may be perfected by a local filing and indexing other than in a Central Office, such as fixtures, timber to be cut, as-extracted collateral or other collateral subject to local filings of a financing statement, unless that Collateral is explicitly described by type in Schedule A; (ii) property of the type in which a security interest cannot be obtained or maintained under Article 9 of the Uniform Commercial Code; (iii) collateral located outside the United States of American; (iv) consumer goods; (v) property consisting of goods which are installed in or affixed to, or become a part of a product or mass with, goods which are not items of Collateral; (vi) any after-acquired property; (vii) collateral being solely the proceeds of other collateral or which is not identifiable; (viii) property which has been consigned or which is commingled with consigned goods; or (ix) property that is commingled with, or processed into, property which is not Collateral.

- (c) "Central Office": the office of the Secretary of State, or similar office, for central filings (or indexing where applicable under State law) of financing statements for that State. Where this policy refers to filing in a Central Office in a State, it shall include indexing in the Central Office where applicable under State law.
- (d) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (e) "Deductible Amount": \$10,000 or 2% of the Amount of Insurance, whichever is greater.
- (f) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (g) "Financing Statement": the Financing Statement identified on Schedule A hereto, as amended, modified, assigned or continued from time to time.
- (h) "Insured": the Insured named in Schedule A. Subject to any rights or defenses the Company would have had against the named Insured, those who succeed to the interest of the named Insured by operation of law as distinguished from purchase including, but not limited to, (i) heirs, devisees, survivors, personal representatives, or next of kin; (ii) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization; and (iii) successors to an Insured by its conversion to another kind of Entity.
- (i) "Insured Claimant": an insured claiming loss or damage.
- (j) "Insured Company": an insured registered organization as defined in Article 9 of the Uniform Commercial Code.
- (k) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice which may be imputed to an Insured by reason of the Public Records or any other records which impart constructive notice of matters affecting the Collateral.
- (l) "Maximum Liability": \$100,000, but not to exceed 20% of the Amount of Insurance.
- (m) "Public Records": records established in the Central Office under State statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to the Collateral.
- (n) "Purported Former Owners of Collateral": as identified in Schedule A.
- (o) "Security Agreement": the document identified as the Security Agreement on Schedule A as amended, modified or restated from time to time.
- (p) "Security Interest": the lien on the Collateral created by the Security Agreement.
- (q) "State": a state of the United States or the District of Columbia.
- (r) "Sufficient," "Secured Party," and "Authenticate": the meaning provided in the applicable provisions of Article 9 of the Uniform Commercial Code.
- (s) "Uniform Commercial Code" means, as to any State, the Uniform Commercial Code as adopted by such State and as in effect on the Date of Policy, without giving effect to any amendments or modifications made thereafter.

2. CONTINUATION OF INSURANCE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the Insured retains an interest in the Collateral, or only so long as the Insured shall have liability by reason of warranties made by the Insured in any transfer or conveyance of the Collateral. This policy shall not continue in force in favor of any purchaser, licensee or lessee from the Insured of an interest in the Collateral.

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 4(a) below, (ii) in case Knowledge shall come to an Insured hereunder of any claim covered by this policy, and which might cause loss or damage for which the Company may be liable by virtue of this policy. If prompt

notice shall not be given to the Company, then as to the Insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

- (a) Upon written request by the Insured and subject to the options contained in Section 6 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 insured against by this policy, but only as to those stated causes of action alleging a matter 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 and 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
- (i) incurred by the Insured in the defense of those causes of action which allege matters not insured against by this policy,
 - (ii) incurred prior to written notice by the Insured pursuant to Section 3 of these Conditions, or
 - (iii) incurred by the Insured which were not authorized by the Company in writing.
- (b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable, as to matters 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 hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.
- (c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.
- (d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company 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 any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and
 - (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable, as to insured matters. 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.

5. PROOF OF LOSS OR DAMAGE.

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 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.

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.

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

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

- (a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance (or where applicable as to Covered Risk 6) under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

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

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

7. 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 and only to the extent herein described.

- (a) The liability of the Company under this policy shall not exceed the least of:

- (i) the Amount of Insurance, or the Maximum Liability as to Covered Risk 6; or
- (ii) the difference between the value of the Collateral without the matter insured against and the value of the Collateral subject to the matter insured against by this policy.

- (b) If the Company pursues its rights under Section 4 of these Conditions and is unsuccessful as to matters insured against,

- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 4 and 6 of these Conditions.

8. LIMITATION OF LIABILITY.

- (a) If the Company removes the matter insured against, or cures the matter insured against, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals there from, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

- (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 there from, adverse as to matters insured against.

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

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

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

10. LIABILITY NON-CUMULATIVE.

The Amount of Insurance shall be reduced by any amount the Company may pay under any policy insuring the security interest or Security Agreement excluded or excepted from coverage or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured and which is a security interest in or lien on any of the Collateral, and the amount so paid shall be deemed a payment under this policy to the Insured.

11. PAYMENT OF LOSS.

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

12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Collateral 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. The Company may at any time waive its rights to seek recovery from an attorney representing the Insured or an attorney representing the Secured Party. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

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

13. 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, whether or not based on negligence, that arises out of the security interest, Security Agreement, any lien or Collateral or 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.

14. SEVERABILITY.

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

15. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, at _____.

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 therefore in reliance upon the law affecting security interests and other rights in Collateral and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction of the Issuing State.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction of the Issuing State to determine 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.

BLANK TITLE INSURANCE COMPANY

By: _____

Dated: _____

BLANK TITLE INSURANCE COMPANY

By: _____

Dated: _____

[add additional title insurers' signatures as necessary]

SCHEDULE A

1. Amount of Insurance:
2. Date of Policy:
3. Insured:
4. Financing Statement (describe new Financing Statement in favor of insured lender):
5. Security Agreement (describe new Security Agreement in favor of insured lender):
6. Purported Former Owners of Collateral (include any assumed name, any trade name, and any former name of Purported Former Owners of Collateral):
7. Issuing State:

SCHEDULE B

[File No. _____]

Policy No.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees, or expenses) which arise by reason of:

- 1.
2. [other]