

# Personal Property Title Insurance Search Policy (PPT-5)

## Issued by

SUBJECT TO PAYMENT OF THE PREMIUM, THE MATTERS INCLUDED IN THE ATTACHED INSURED SEARCH REPORT, THE EXCLUSIONS FROM COVERAGE AND THE CONDITIONS AND STIPULATIONS, (the "Company"), insures You, as of the Effective Date, against actual monetary loss or damage, not exceeding the Amount of Insurance, sustained or incurred by You by reason of the Covered Risks:

### COVERED RISKS

1. The existence as of the Search Through Date of any Security Interest Filed against the Debtor with the Filing Office covered by the Insured Search Report that is not included in the Insured Search Report;
2. The existence as of the Search Through Date of any Lien of a Lien Creditor, Filed against the Debtor with the Filing Office covered by the Insured Search Report that is not included in the Insured Search Report;
3. The existence as of the Search Through Date of any Security Interest or Lien of a Lien Creditor filed against the Debtor with the filing Office covered by the Insured Search Report but not indexed or improperly indexed by the Filing Office and that is not included in the Insured Search Report; and
4. The existence as of the Search Through date of any Security Interest or Lien of a Lien Creditor Filed against the Debtor with the filing Office covered by the Insured Search Report that is not included in the insured Search Report because of a fraudulently File determination Statement

This policy is not valid without the Insured Search Report being attached hereto. IN WITNESS WHEREOF, \_\_\_\_\_ has caused this policy to be signed and sealed by its duly authorized officers as of Effective Date.

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary

### EXCLUSIONS FROM COVERAGE

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

1. Any Lien, Security Interest or other matter:
  - (a) created, suffered, assumed or agreed to by You;
  - (b) not included in the Insured Search Report but Known to You;
  - (c) resulting in no actual monetary loss to You; or (d) attaching or created

- subsequent to the Search Through Date; or
2. Your failure to provide accurate and complete information on any Search Request.

### CONDITIONS AND STIPULATIONS

#### A. Definition of Terms

1. Any capitalized 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.

2. The following terms when used in this policy mean:

- (a) “Amount of Insurance”: the greater of \$25,000 or such other amount shown in the Insured Search Report as the Amount of Insurance.
- (b) “Article 9”: Article 9 of the uniform version of the Uniform Commercial Code, without regard to the adoption of the Uniform Commercial Code in the Jurisdiction.
- (c) “Covered Risks”: the risks insured against by this policy set forth under the heading “Covered Risks” on page 1 of this policy.
- (d) “Debtor”: the exact name entered in the Search Request.
- (e) “Effective Date”: the date specified as “Effective Date of Policy” in the Insured Search Report.
- (d) “File”, “Filing”, or “Filed”: file, record, and/or register in the public records of the Filing Office.
- (e) “Filing Date”: the date on which any given Financing Statement or Lien of a Lien Creditor shown in the Insured Search Report was Filed with the Filing Office.
- (f) “Filing Office”: the governmental or quasi-governmental agency or agencies and their locations designated by You in the Search Request.
- (g) “Insured Search Report”: That report provided to You by the Company as an attachment to and a part of this Policy setting forth the results of the Search Request.

- (h) “Know/Known”: actual knowledge, not notice or knowledge that may be imputed by reason of public records.
- (i) “Search Request”: Your order to us, in such form, by such medium, and containing such information as the Company shall require to accomplish the requested search, with respect to the Debtor in the Filing Office designated by You in such Search Request.
- (j) “Search Through Date”: The date set forth in the Insured Search Report as the Search Through Date.
- (k) “You/Your”: the party or parties identified in the Insured Search Report as Named Insured. “You/Your” also includes: (i) any law firm, accounting firm, escrow company, title insurance company or other professional organization, where the client of such professional organization for whom the professional organization is acting when submitting the Search Request for the Insured Search Report is the Named Insured; and (ii) if the Named Insured is a law firm, accounting firm, escrow company, title insurance company or other professional organization, the client of such professional organization for whom the professional organization is acting when submitting the Search Request for the Insured Search Report.

#### **B. Continuation of Insurance.**

The coverage of this policy shall continue for a period of five years beginning on the policy Effective Date and terminating on the fifth anniversary of that date. This policy cannot be assigned.

**C. Notice of Claim.**

You shall promptly notify the Company in writing in the event:

1. of any litigation or other proceeding in which any third party asserts a claim adverse to You which may result in loss for which the Company may be liable to You under this policy; or
2. You acquire Knowledge of any claim adverse to You that may result in loss for which the Company may be liable to You under this policy.

**D. Defense and Prosecution of Actions; Your Duty to Cooperate.**

1. The Company shall have the right but not the obligation, at its own cost and in its sole discretion, to raise any defense or bring any action or proceeding or to do any other act which, in its opinion, may be necessary or desirable to prevent or reduce a loss to You for which the Company may have liability under this policy. In taking any action, the Company does not concede any liability or waive any provision of this policy.
2. Whenever requested by the Company, You shall cooperate with the Company and at Your expense provide all reasonable assistance, which, in the opinion of the Company, may be necessary or desirable.
3. You shall permit the Company to use Your name to bring an action or raise a defense as permitted by this policy.
4. Whenever the Company brings an action or raises a defense, the Company may in its sole discretion pursue the litigation or proceeding to a final determination in a court of competent jurisdiction including any available appeals.

**E. Proof of Loss.**

1. In addition to and after the notices required under Section C of these Conditions and Stipulations, You shall

furnish a proof of loss to the Company within 90 days after You learn the facts giving rise to the loss.

2. The proof of loss shall describe the facts giving rise to the loss and the calculation of the amount of the loss.
3. At the Company's request, You shall submit to examination under oath by the Company.
4. You shall produce for examination, inspection and copying, at such times and places as may be designated by the Company, all documents, instruments, writings, policies of insurance, records, books, ledgers, checks, correspondence, electronic files, e-mails, disks, tapes, memoranda, and other evidence, whether dated before or after Effective Date, which, in the opinion of the Company, may pertain to the loss. Where the evidence is held by a third party, You shall grant permission in writing for the Company to examine, inspect and copy the evidence.
5. The Company shall not disclose any information that You designate as confidential unless, in the opinion of the Company, it is appropriate for the administration of the claim and the disclosure is not in violation of privacy laws.

**F. Options to Pay or Otherwise Settle Claims; Termination of Liability.**

In case of a claim under this policy, the Company may:

1. Pay or tender payment of the Amount of Insurance; or
2. Pay or otherwise settle with other parties any claim; or
3. Pay or otherwise settle with You the loss.

Upon the exercise by the Company of the option provided for in paragraph 1 all liability and obligations to You, other than

to make the payment required in that paragraph, shall terminate.

Upon the exercise by the Company of either of the options provided for in paragraph 2 or 3, the Company's obligations to You for the claimed loss, other than to make the payment required in those paragraphs, shall terminate.

**G. Determination and Extent of Liability; Amount of Liability.**

1. This policy is a contract of indemnity against actual monetary loss sustained or incurred by You as a direct result of matters insured against by this policy and only to the extent described in this policy. The Company shall have no liability for incidental or consequential loss or damage.
2. The liability of the Company under this policy shall be reduced as provided in Section I of these Conditions and Stipulations.
3. If the Company is prejudiced by Your failure to perform any of Your obligations under this policy or otherwise, the Company's liability or obligations to You under this policy shall be reduced or terminated to the extent the failure prejudices the Company.

**H. Limitation of Liability.**

1. The Company shall have fully performed its obligations with respect to a matter insured against by this policy and shall not be liable for any loss caused by the matter if the Company removes the alleged Lien or Security Interest in a reasonably diligent manner by any method, including litigation or other proceeding and the completion of any appeals related to the litigation.
2. The Company shall not be liable for loss resulting from liability voluntarily

assumed by You in settling any claim or suit without the prior written consent of the Company.

**I. Reduction of Insurance; Reduction or Termination of Liability.**

All payments under this policy shall reduce the Amount of Insurance by the amount of the payments.

**J. Payment of Loss.**

1. In the event of any litigation or proceeding, the Company shall have no liability for loss until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals related to the litigation or other proceeding, adverse to You.
2. The Company shall pay the loss within 30 days after the liability and the loss has been fixed in accordance with these Conditions and Stipulations.

**K. Subrogation Upon Payment or Settlement. The Company's Right of Subrogation.**

1. The Company shall have all rights of subrogation, unaffected by Your acts, whenever the Company pays a claim under this policy and is entitled to all rights and remedies which You would have had against any person or property in respect to the claim had this policy not been issued.
2. You shall sign all documents requested by the Company to facilitate its exercise of the right of subrogation. You shall permit the Company to sue, compromise or settle in Your name and to use Your name in any transaction, litigation or other proceeding.
3. You will not take any action that unreasonably impairs the Company's rights of subrogation

**L. Liability Limited to This Policy; Policy Entire Contract.**

1. This policy together with any endorsements attached to this policy by the Company is the entire policy. Without limiting the foregoing, all prior or contemporaneous oral agreements, understandings, representations and statements are merged into this policy and shall be of no further force or effect. In interpreting any provision of this policy, this policy shall be construed as a whole.
2. Any modification, amendment or alteration of the terms of this policy shall be effective only if made by a written endorsement attached to this policy.
3. Each endorsement attached to this policy at any time is made a part of and is subject to all the terms and provisions of this policy. Unless otherwise expressly set forth in the endorsement, it shall not (a) modify any of the terms and provisions of this policy or other endorsements, (b) extend Effective Date, Search Through Date or the date of any endorsements or (c) increase the Amount of Insurance.
4. Any claim of loss, whether or not based on negligence or any other theory in tort, and which arises out of the Covered Risks, shall be restricted to the provisions of this policy.

**M. Severability.**

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

**N. Choice of Law; Jurisdiction; No Jury Trial**

1. Choice of Law.  
The Insured acknowledges that the Company has underwritten the risks covered by this policy, and determined the premium charged therefore, in reliance upon the law applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the State of California in the United States of America, which state and country is the domicile of the Company. Therefore, the court shall apply the law of the State of California in interpreting and enforcing the terms of this policy. The court shall not apply its conflict of laws principles to determine the applicable law.
2. Choice of Forum.  
Any litigation or other proceeding brought by the Insured against the Company must be filed only in the State or Federal Courts located in the County of Orange, State of California, which county and state is the domicile of the Company.
3. No Jury Trial.  
Unless otherwise prohibited by applicable law, in any litigation or proceeding filed against the Company concerning any aspect of coverage under this policy, You are permitted only to have the case heard by a judge and not by a jury.

**O. 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, Attention: