

**INDEMNITY AND SECURITY AGREEMENT WITH DEPOSIT OF FUNDS  
TO PROTECT AND SECURE AGAINST EXCEPTIONS TO TITLE**

Indemnity and Security Agreement No.

WHEREAS, the Chicago Title Insurance Company, hereinafter referred to as the "Company", is about to issue its title insurance policy or commitments therefor, all hereinafter referred to as the "Title Insurance Policy," No. \_\_\_\_\_, in respect to the land described therein.

AND WHEREAS, the Company has raised as title exceptions on the Title Insurance Policy certain defects, liens, encumbrances, adverse claims or other matters, all hereinafter referred to as "Exceptions to Title," described as follows:

AND WHEREAS, the Company has been requested to issue the Title Insurance Policy and may hereafter, in ordinary course of its business, issue title insurance policy or policies or commitments therefor in the form or forms now or then commonly used by the Company, or issue hold harmless or indemnity letters to induce other title insurance companies to issue title insurance policies or commitments therefor, in respect to the land or to some part or parts thereof, or interests therein, all of the foregoing being hereafter referred to as "Future Policies or Commitments," either free and clear of all mention of the aforesaid Exceptions to Title or insuring its insured against loss or damage by reason thereof, and simultaneous with the acceptance of the deposit herein, has issued or has committed to issue the Title Insurance Policy to its insured,

NOW, THEREFORE, in consideration of the issuance of the Title Insurance Policy, the undersigned, jointly and severally, for themselves, their heirs, successors, personal representatives and assigns do hereby covenant and agree with the Company: (1) to forever fully protect, defend, and save the Company harmless from and against all the Exceptions to Title, in and from any and all loss, costs, damages, attorneys' fees, and expenses of every kind and nature which it, the Company, may suffer, expend, or incur under, or by reason, or in consequences of the issuance of the Title Insurance Policy on account, or in consequence, or growing out of the Exceptions to Title, or on account of the assertion or enforcement or attempted assertion or enforcement thereof or of any rights existing or hereafter arising, or which may at any time be claimed to exist under, or by reason, or on consequence, or growing out of the Exceptions to Title or any of them, including all reasonable amounts expended by the Company under this Agreement and also including loss, costs, damages, fees and expenses (including attorney's fees and expenses) incurred by the Company in enforcing this agreement; (2) to provide for the defense, at the undersigned's own expense, on behalf and for the protection of the Company and the parties insured or who may become insured under "Future Policies or Commitments," against loss and damage under the Title Insurance Policy (but without prejudice to the right of the Company to defend if it so elects) in all litigation consisting of actions or proceedings based on any Exceptions to Title which may be asserted or attempted to be asserted, established or

enforced in, to, upon, against or in respect to the land or any part thereof or interest therein; (3) to pay, discharge, satisfy or remove all of the Exceptions to Title and, in such case, when the Exceptions to Title appear as a matter of public record, to clear the record by the recording or filing of releases, satisfactions, disclaimers, deeds or other appropriate instruments, or by the procurement of a final court order or judgment entered by a court of competent jurisdiction quieting the title of the insured, or declaring the Exceptions to Title to be null and void and of no force and effect; and (4) that each and every provision herein shall extend and be in force concerning Future Policies or Commitments. It is expressly understood that the joint and several liability of the undersigned shall in no way be affected by any action the Company may take with respect to the liability any one of the undersigned by way of release, settlement, compromise, or other adjustment of such liability.

The undersigned hereby deposits with the Chicago Title Insurance Company, under this Agreement known as Indemnity and Security Agreement No. \_\_\_\_\_, and pledges to the Company the sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) to constitute an indemnity and security fund under the absolute control and possession of the Company as herein provided, for the other purposes herein set forth, and to secure the performance of the promises and obligations of the undersigned contained herein. Ownership of the funds described above shall be vested in the Company for such period of time as the Company is liable under the terms of its Title Insurance Policy and its Future Policies or Commitments.

The Company shall have the right at any time hereafter, when it shall deem it necessary, expedient, desirable, or to its interest so to do, in its sole discretion to use or apply the fund, or any portion thereof, in such manner and in such amounts as the Company may deem necessary and advisable, to the payment, discharge, or satisfaction of, or the removal from the title to the land, or any part or parts thereof, or interests therein, any of the Exceptions to Title, including the right to procure for the purpose of clearing the public record, releases, satisfactions, disclaimers, deeds or other appropriate instruments, or by procuring final court orders or judgments quieting the title of the insured or declaring the Exceptions to Title to be null and void and of no force and effect, or for the purpose of eliminating by conveyance assignment or otherwise any Exceptions to Title, or for the purpose of reimbursing anyone who may have paid, discharged, satisfied, or removed any Exceptions to Title or cleared the public record of such Exceptions to Title.

In the case of litigation involving the said fund or the rights of any person or corporation hereunder, the cost, expense, and attorneys' fees of the Company may be paid or retained by the Company out of said fund.

If the Company shall find that the liability hereunder shall have increased because of lapse of time or otherwise, the Company may call on the undersigned for such additional deposits sufficient to indemnify and secure the Company against such increase of liability, in which event the Company shall call for such deposit, and the undersigned hereby agrees to thereupon furnish the Company with the deposit requested. Any additional funds so deposited shall be subject to the terms of this Agreement to the same extent as though initially deposited hereunder. In the event additional funds are not deposited within 10 days following written demand therefor, the Company shall have the right, in its sole discretion, to advance such additional funds as may be required and the undersigned expressly covenant and agree to protect, defend, save harmless, and reimburse, with interest calculated at the maximum legal rate, the Company for all such additional amounts advanced. For the purpose of this paragraph, proof of mailing to the undersigned at the address listed below shall be deemed conclusive evidence of notice of demand, and said 10 day period shall commence to run on the third day following such date of mailing.

Where, in the Company's sole discretion, in order to remove and clear of record the aforesaid Exceptions to Title, it is necessary to dispose of pending litigation, the undersigned hereby confer irrevocable authority on the Company to settle or dismiss any counterclaim, cross claim, set-off or other prayer for affirmative relief which may be asserted in such, either by the undersigned or other parties claiming under them and expressly covenant and agree to protect, defend save harmless, and secure the Company from any expense incurred thereby.

The Company shall be the sole judge as to the need for it to be represented by or have the advice of legal counsel of its own choosing and the undersigned shall be liable for the Company for fees and expenses so incurred.

Deposits made pursuant to this agreement may be invested, subject to the Company's procedures, provided that any direction to the Company for such investment shall be expressed in writing, and also provided that the Company is in receipt of the undersigned's taxpayer's identification number and investment forms as required. Company will, upon receipt, furnish information concerning its procedures and fee schedules for investment.

In the event the Company is requested to invest deposits hereunder, the Company is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investment or redeeming said investment of the purposes of this Agreement. Earnings from investments, if any, less the Company's fees, shall be added to and form a part of the indemnity and security fund.

Except as to deposits of funds for which the Company has received express written directions concerning investment or other handling, the Company shall be under no duty to invest or reinvest any cash at any time held by it hereunder. Furthermore, to the extent permitted by state law, the Company may commingle such deposits with other deposits or with its own funds and may use any part or all such funds for its own benefit without obligations to the undersigned for interest or earnings derived thereby, if any. Provided, however, nothing herein shall diminish the Company's obligation to apply the full amount of the deposits not invested in accordance with the terms of this agreement.

In the case any of the Exceptions to Title are paid, discharged, satisfied, and are removed as such to the satisfaction of the Company (as to which the Company shall be the sole judge), and cleared of record, without the use of the said fund, or in case any surplus remains in the hands of the Company after it shall have reimbursed itself for all loss, damages, or disbursements, such fund or surplus, after deducting the costs, expenses, fees for services, and attorneys' fees, if any, of the Company, shall on demand and upon surrender to the Company of all receipts for disbursement, be paid or delivered to

Address:

SSN/FEIN

The Company shall be under no obligation of recognizing any assignment of the undersigned's rights under this agreement, until the original or a signed duplicate of the assignment, accepted in writing by the assignee, is deposited with and approved by the Company in writing.

The undersigned agrees that this Indemnity and Security Agreement is not intended to give any benefits, rights, privileges, actions or remedies to any person, partnership, firm, or corporation other than the Company, the undersigned, and the insured, as a third party beneficiary or otherwise under any theory of law.

The undersigned does here does hereby agree to pay the Company a \$\_\_\_\_\_ processing fee.

If this Indemnity and Security Agreement is not terminated as hereinbefore provided on or before, the Company shall thereafter charge a reasonable annual service or handling fee to be paid out of the fund.

IN WITNESS WHEREOF, the undersigned, being the hereinafter named corporation, has caused these presents to be signed by its President and attested by its Secretary and has caused its Corporate seal to be hereto \_\_\_\_\_ (SEAL)  
Affixed this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 200\_\_.

IN WITNESS WHEREOF, the undersigned have executed this agreement this \_\_\_\_\_ day of \_\_\_\_\_ A.D.200\_\_.

\_\_\_\_\_  
(Signature)

Address:

BY: \_\_\_\_\_  
President

\_\_\_\_\_  
(Signature)

ATTEST: \_\_\_\_\_  
Secretary

ADDRESS OF CORPORATION:

Address:

National Title Indemnity, revised 2/7/02, Peterson