

DOWNTOWN
First Tennessee Plaza
800 South Gay Street, Suite 1500
Knoxville, Tennessee 37929-9721
865-523-6254
FAX 865-523-6749

TVT

TENNESSEE VALLEY TITLE

Insurance Company

WEST KNOXVILLE
134-G Market Place Blvd.
Knoxville, Tennessee 37922-2337
865-690-1047
FAX 865-691-3538

March 12, 2009

J. Michael Winchester, Esq.
Winchester, Sellers, Foster & Steele
1000 First Tennessee Plaza
Knoxville, TN 37929

Re: The Spivey Group, Inc.
Lot 48, Reagan Landing
Knox County, TN
Our File No. 92519

Dear Mike:

Pursuant to your request, we examined the Direct General Indices in the office of the Knox County Register's Office in the name of The Spivey Group, Inc., for a period of time beginning June 14, 2007 at 4:00 p.m., being the effective date of Southern Title Insurance Corporation Loan Policy No. LS92K-100004527 insuring First Tennessee Bank, N.A., through March 11, 2009 at 8:00 a.m., and found the following:

1. Tennessee Deed of Trust from The Spivey Group, Inc., to J. Michael Winchester, Trustee for First Tennessee Bank, N.A., in the original amount of \$102,000.00, dated May 11, 2007, and recorded as Instrument No. 200705140092937, in the Knox County Register's Office. (Includes Lot 47)
2. Default judgment against The Spivey Group, Incorporated, in favor of Brown, King, Spivey Group, Inc., and David N. King and Anthony G. Brown, in the amount of \$441,481.54, pursuant to Order entered in the Chancery Court for Knox County, No. 171328-3, dated November 21, 2008, and recorded as Instrument No. 200812180038266, in the Knox County Register's Office.
3. Default Judgment against The Spivey Group, Inc., in favor of Dixie Kitchen Distributors, Inc., in the amount of \$20,974.93, plus interest and costs, dated January 7, 2009, and recorded as Instrument No. 200901210044782, in the Knox County Register's Office.

The 2007 and 2008 Knox County taxes on CLT #090PA-048 are past due and delinquent as follows: 2007 – 377.83 (March rate); 2008 - \$238.53 (March rate).

representing

Commonwealth Land Title Insurance Company • First American Title Insurance Company
Lawyers Title Insurance Corporation • Old Republic National Title Insurance Company

Security Union Title Insurance Company • Southern Title Insurance Corporation • Stewart Title Guaranty Company • TICOR Title Insurance Company

J. Michael Winchester, Esq.
March 12, 2009
Page Two

Other than the above, we find no further changes in the status of title during said time period.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Ownby". The signature is written in a cursive style with a long, sweeping horizontal line at the end.

Lee Ownby

GLO/jh

Old Republic National Title Insurance Company

Commitment Number: 91976

SCHEDULE A

- | | | |
|---------------------------------------|--|--------|
| 1. Commitment Date: | December 22, 2008 at 08:00 AM | Amount |
| 2. Policy (or Policies) to be issued: | | |
| (a) Owner's Policy | (ALTA Own. Policy (06/17/06)) | |
| Proposed Insured: | | |
| | TO BE DETERMINED (IN AN AMOUNT TO BE DETERMINED) | |
| (b) Loan Policy | (ALTA Loan Policy (06/17/06)) | |
| Proposed Insured: | | |

3. Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date, by The Spivey Group Incorporated.
4. The land referred to in the Commitment is described as follows:
SEE EXHIBIT A ATTACHED HERETO

Tennessee Valley Title Insurance Co.

By: _____


Gordon L. Ownby, Jr.

Commitment Number: 91976

**SCHEDULE B - SECTION I
REQUIREMENTS**

The following requirements must be met:

1. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.
2. Payment of all premiums and charges for policies, endorsement and services.
3. Furnish a properly executed Owner's Affidavit on attached form.
4. Furnish an accurate, current survey and surveyor's inspection report on attached form.
5. Payment of Knox County taxes as follows:

CLT #090PA-048.
2007 - Past due and delinquent in amount of \$270.25 (Dec. rate).
2008 - Due and payable in the amount of \$235.00.
6. Cancellation and release of record the Tennessee Deed of Trust from The Spivey Group, Inc., to J. Michael Winchester, Trustee for First Tennessee Bank National Association, in the original amount of \$102,000.00, dated May 11, 2007, and recorded as Instrument No. 200705140092937, in the Register's Office for Knox County, Tennessee. (NOTE: The above deed of trust also encumbers Lot 47, which was conveyed to Jason Wolfe Construction, Inc., by deed recorded as Instrument No. 200811240033741; however, said Lot 47 has not been released from the lien of the aforementioned deed of trust.)
7. Satisfaction and release of record a judgment filed against The Spivey Group Incorporated in the amount of \$441,481.54, plus costs, pursuant to Order entered in the Chancery Court for Knox County, Tennessee, No. 171328-3, and recorded as Instrument No. 200812180038266, in the Register's Office for Knox County, Tennessee.
NOTE: Proper notice and foreclosure of Item No. 6 above will extinguish this lien.
8. Release of the property described herein from the Notice of Lien filed in favor of MK Mechanical Corporation and Custom Contractors & Associates, I nc., recorded as Instrument No. 200808110009876, in the Register's Office for Knox County, Tennessee. (Includes other property.)
NOTE: Proper notice and foreclosure of Item 6 above will extinguish this lien. (NOTE: This lien is outside the chain of title.)
9. Release of the property described herein from the Notice of Lien filed by MK Mechanical Corporation and Custom Contractors & Associates, Inc., recorded as Instrument No. 200808110009877, in the Register's Office for Knox County, Tennessee.
NOTE: Proper notice and foreclosure of Item 6 above will extinguish this lien. (NOTE: This lien is outside the chain of title.)

SCHEDULE B - SECTION I
REQUIREMENTS
(Continued)

Commitment Number: 91976

10. Release of the property described herein from the Notice of Lien filed in favor of MK Mechanical Corporation and Custom Contractors & Associates, Inc., recorded as Instrument No. 200808110009878, in the Register's Office for Knox County, Tennessee. (Includes other property.)
NOTE: Proper notice and foreclosure of Item 6 above will extinguish this lien. (NOTE: This lien is outside the chain of title.)
11. Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:
 - a. Properly executed and acknowledged Trustee's Deed from J. Michael Winchester, Successor Trustee, vesting fee simple title in purchaser to be determined.

Commitment Number: 91976

**SCHEDULE B - SECTION II
EXCEPTIONS**

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof, but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. The dower, curtesy, homestead, community property, or other statutory marital rights, if any, of the spouse of any individual insured.
3. Rights or claims of parties in possession not shown by the public records.
4. Easements, or claims of easements, not shown by the public records.
5. Any discrepancies, conflicts, encroachments, servitudes, shortages in area and boundaries or other facts which a correct survey would show.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
7. Taxes and/or assessments levied or assessed against the subject property pursuant to the provisions of TCA 67-5-601, et seq., which have not been assessed and are not payable, as of the date of this Policy.

NOTE: Upon receipt of satisfactory Owner's Affidavit as required under Schedule B - Section 1, Items 3 and 6 hereinabove may be amended and/or deleted.

NOTE: Upon receipt of satisfactory survey and surveyor's inspection report as required under Schedule B - Section 1, Items 4 and 5 hereinabove may be amended and/or deleted.

8. Taxes for the year 2009, and all taxes for subsequent years.
9. Covenants and restrictions recorded as Instrument No. 200509290029303, in the office of the Knox County Register of Deeds, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
10. Matters depicted or disclosed by map recorded as Instrument No. 200508190016393, in the Knox County Register's Office.

Old Republic National Title Insurance Company

Commitment Number: 91976

EXHIBIT A
PROPERTY DESCRIPTION

The land referred to in this Commitment is described as follows:

SITUATED in District Six of Knox County, Tennessee, without the corporate limits of the City of Knoxville, Tennessee, and being known and designated as all of Lot 48, Reagan Landing Subdivision, as shown by map of the same of record in Instrument No. 200508190016393, in the Register's Office for Knox County, Tennessee, to which map specific reference is hereby made for a more particular description.

BEING part of that property conveyed to The Spivey Group, Inc., by Warranty Deed from Rinard Homes, Inc., dated May 11, 2007, and recorded as Instrument No. 200705140092936, in the Register's Office for Knox County, Tennessee.

Old Republic National Title Insurance Company

Commitment Number: 91976


SCHEDULE A

- | | | |
|---|---|--------|
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| 2. Policy (or Policies) to be issued: | | Amount |
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By: 
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