

Complete Title Services
14275 Golf Course Dr., Suite 200, Johnson Center
Baxter, MN 56425

March 03, 2009

Close-Converse Commercial Properties
521 Charles Street #201 PO Box 327
Brainerd, MN 56401
Phone: (218)828-3334
Fax: (218)828-4330

Any inquiries concerning this Commitment, please call (218)828-9611 .

Order Number: 1062681

Escrow Officer: Debra Kline
Phone: (218)828-9611

Buyer: Determined
Property: , Minnesota

Attached please find the following item(s):

Commitment

Thank You for your confidence and support.

Customer First!

When providing documents to the company for recording, please send them to
Complete Title Services at 14275 Golf Course Dr., Suite 200, Johnson Center, Baxter, MN 56425

FIRST AMERICAN TITLE INSURANCE COMPANY INFORMATION

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the policy.

The Company will give you a sample of the Policy form, if you ask.

The Policy contains an arbitration clause. All arbitrable matters, when the Amount of Insurance is \$2,000,000.00 or less, shall be arbitrated at the option of either the Company or you as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org/>. **THIS INFORMATION DOES NOT APPLY IN STATE OF MINNESOTA.**

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

This information is not part of the title insurance commitment. You should read the Commitment very carefully.

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**YOU SHOULD READ THE COMMITMENT VERY CAREFULLY.
If you have any questions about the Commitment,
please contact the issuing office.**

SCHEDULE A

1. Commitment Date: January 30, 2009 at 7:30 A.M.
2. Policy or Policies to be issued: Amount

(A) **ALTA Standard Policy** \$TBD
ALTA Owners Policy Form B (10-17-92)
Proposed Insured:
To Be Determined
3. (A) The estate or interest in the land described in this Commitment is:

Fee simple

(B) Title to said estate or interest at the date hereof is vested in:

Potlatch TRS Minnesota, LLC
4. The land referred to in this Commitment is described as follows:

Northeast Quarter of the Northeast Quarter, Section 20, Township 135, Range 27, Crow Wing County, Minnesota, EXCEPT a parcel of land described as follows: Beginning at the northwest corner of the NE1/4NE1/4 of said Section 20; thence South 00°00'14" East coincident with the west line of said NE1/4NE1/4 for 112.40 feet; thence South 80°20'22" East for 350.45 feet to the point of curvature of a curve concave to the northwest; thence with said curve having a radius of 893.02 feet, a central angle of 48°24'33", (short chord bears North 75°27'21" East) for an arc length of 754.51 feet to a non-tangent point of tangency on said curve on the north line of said NE1/4NE1/4; thence South 89°18'40" West coincident with said north line for 1054.37 feet to the point of beginning.
AND
Government Lot 2 (Northeast Quarter of the Southeast Quarter).
AND
The Southeast Quarter of the Northeast Quarter, Section 20, Township 135, Range 27, Crow Wing County, Minnesota.

NOTE: This property is Abstract.

Property Address: , , MN

SCHEDULE B
SECTION ONE
REQUIREMENTS

The following requirements must be met:

- (A) Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
- (B) Pay us the premiums, fees and charges for the policy.
- (C) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.
- (D) You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
- (E) Taxes due and payable in the year 2008 in the amount of \$430.34 are paid.

Base Tax: \$430.34
Property Identification No.: 520201100000009
Property is Non-Homestead (for taxes due and payable in the year 2008)
- (F) Taxes due and payable in the year 2008 in the amount of \$408.88 are paid.

Base Tax: \$408.88
Property Identification No.: 520204102000009
Property is Non-Homestead (for taxes due and payable in the year 2008)
- (G) Taxes due and payable in the year 2008 in the amount of \$397.18 are paid.

Base Tax: \$397.18
Property Identification No.: 520201400000009
Property is Non-Homestead (for taxes due and payable in the year 2008)

NOTE: 2009 real estate taxes are not yet available.
- (H) The Company has ordered an assessment search from the municipality, and there may be further requirements prior to closing. If there are no further requirements, this item will be automatically deleted (without an Endorsement being issued).
- (I) There may be annual recurring fees charged by the municipality and/or county, which are automatically certified to the real estate taxes.
- (J) Matters which a physical inspection of the land would disclose. The Company has ordered a plat drawing and/or inspection and there may be further requirements prior to closing. If there are no further requirements, this item will be automatically deleted (without an Endorsement being issued).
- (K) All water and utility bills must be paid prior to closing.

- (L) Any instrument to be executed by the limited liability company must:
- a. Be executed in the limited liability company's name, and
 - b. Be signed by all the members if management has been retained by the members (in the alternative one member can sign the documents and the rest can sign a separate consent form), or by such managers or other persons as provided in the operating agreement, if said document creates a lower approval threshold.
- (M) The following is required from Potlatch TRS Minnesota, LLC. Upon receipt and review this company reserves the right to make further requirements.
- a) Articles of Organization
 - b) Certificate of Organization
 - c) Resolutions from the member(s) authorizing the sale/loan/purchase of subject property
 - d) The Operating Agreement
- (N) Obtain and submit to the Company for recording a Warranty Deed from Potlatch TRS Minnesota, LLC to TBD.
- (O) Certificate of Real Estate Value.
- (P) Well Disclosure Certificate; or Deed which contains the following statement:
- "The Seller certifies that the Seller does not know of any wells on the described real property."
- (Q) This Commitment was prepared from the public records. No Abstract was furnished for examination, and none will be provided to any party without additional charge.
- (R) Provide this Company with a properly completed and executed Owner's Affidavit.
- (S) Company Affidavit by Purchaser and/or Mortgagor executed by To Be Determined.
- (T) If an Owner's Policy of title insurance is not ordered at the closing, Company's "Notice of Availability of Owner's Title Insurance" form must be signed by the mortgagors.
- (U) The "gap period" will be insured, if this transaction is closed by First American Title Insurance Company or its affiliates. The gap refers to the gap from the effective date of this commitment to the closing date and the gap from the closing date to the recording date of the instrument to be insured.
- (V) This Commitment is for the exclusive use of this Company and its affiliates in closing the transaction described herein. Anyone else closing off this Commitment shall be liable to this Company for all loss and damage, including payment of all charges shown on the Memo of Charges attached hereto.
- (W) According to the public records, there has been no conveyance of the land within a period of 12 months prior to the date of this preliminary report/commitment except as follows:
- None

NOTE: This is NOT a Commitment to insure and has been issued as a report as to the status of title, and as such should not be relied upon for a Real Estate Transaction. This is not a Commitment to insure, and no insurance is provided by this Commitment.

If a Commitment for Title Insurance is desired, the identity of the entities to be insured and policy amounts must be disclosed to this Company and this Company will issue a Commitment for Title Insurance disclosing all requirements for issuance of the policy as well as any additional exceptions which may be taken.

SCHEDULE B

SECTION TWO

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. Any encroachments, measurements, party walls, or other facts which a correct survey of the premises would show.
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 lien, or right to lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. All assessments and taxes due and payable in 2008 , and thereafter.
7. An easement for right of way purposes in the document recorded December 13, 1972 as Doc. No. 256873 of Official Records.
8. Subject to right of way of Antler Road and County Road 19 as currently laid out and traveled.
9. Any interest outstanding of record in and to all the oil, gas and other minerals in and under and that may be produced from said premises, together with all rights incident to or growing out of said outstanding minerals, including but not limited to outstanding oil and gas leases and easements.
10. Rights of the public and others entitled to the use of that portion of the land in Schedule "A" lying within the bounds of, including but not limited to: Any street, highway, road, and/or alley; as laid out, presently used, or dedicated.

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Refer to the Exclusions below relative to the policy(ies) indicated on Schedule A, Item 2**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992****WITH ALTA ENDORSEMENT FORM 1 COVERAGE****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. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy;
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. 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, not recorded in the public records at Date of Policy, 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;
(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
(i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
(ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
(a) to timely record the instrument of transfer; or
(b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992
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. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. 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, not recorded in the public records at Date of Policy, 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;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL
TITLE INSURANCE POLICY - 1987
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

* land use	* land division
* improvements on the land	* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - * a notice of exercising the right appears in the public records on the Policy Date
 - * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
 - * that are created, allowed, or agreed to by you
 - * that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - * that result in no loss to you
 - * that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - * to any land outside the area specifically described and referred to in Item 3 of Schedule A, or
 - * in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

EAGLE PROTECTION OWNER'S POLICY

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

a. building	b. zoning
c. land use	d. improvements on the land
e. land division	f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date. This exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This exclusion does not limit the coverage described in Covered Risk 11 or 18.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 ALTA ENDORSEMENT FORM 1 COVERAGE
WITH EAGLE PROTECTION ADDED**

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. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or area of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 of this policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. 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, not recorded in the Public Records at Date of Policy, 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;
 - (d) attaching or created subsequent to Date of Policy (this paragraph (d) does not limit the coverage provided under insuring provisions 7, 8, 16, 17, 19, 20, 21, 23, 24 and 25); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon:
 - (a) usury, except as provided under insuring provision 10 of this policy; or
 - (b) any consumer credit protection or truth in lending law.
6. Taxes or assessments of any taxing or assessment authority which become a lien on the Land subsequent to Date of Policy.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.
8. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided under insuring provision 7.
9. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than **it would have** been before the modification.
 This exclusion does not limit the coverage provided under insuring provision 7.

SCHEDULE B

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

1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: MS514-67.