

## REAL ESTATE LIEN NOTE

**DATE:** March 8, 2011

**PRINCIPAL AMOUNT:** \$350,000.00 (or so much as is advanced)

**MAKER:** **SONTERRA WEST HOMEOWNERS' ASSOCIATION, INC.,**  
a Texas non-profit corporation

**MAKER'S ADDRESS:** P. O. Box 81  
Jarrell, Texas 76537

**PAYEE:** **COMMUNITY BANK OF JARRELL**  
(a Division of First National Bank of Fort Stockton)

**PLACE FOR PAYMENT:** P. O. Box 1329  
Fort Stockton, Texas 79735

**ANNUAL INTEREST RATE ON UNPAID PRINCIPAL FROM FUNDING DATE:** Initially, the rate of interest shall be **5.50%** per annum. Beginning on **July 8**, 2011, the rate of interest shall increase to **7.0%** per annum.

**ANNUAL INTEREST RATE ON MATURED, UNPAID AMOUNTS:** Matured, unpaid principal and interest shall bear interest from maturity until paid at the maximum, non-usurious rate which the payee may charge the undersigned in connection with the transaction of which this note is a part.

**CONSTRUCTION:** Maker and Payee have entered into an agreement according to which Payee will provide financing, subject to certain terms and conditions, for the construction of Improvements on the property described below (the "Construction Loan Agreement".) According to the Construction Loan Agreement, Payee will, subject to certain conditions, disburse portions of the proceeds of the loan evidenced by this Note in stages as construction of the Improvements progress.

**TERMS OF PAYMENT**

**(PRINCIPAL AND INTEREST):**

(i) All accrued interest shall be due and payable without notice or demand on **July 8, 2011**; (ii) thereafter, principal and accrued interest shall be due and payable in monthly installments of **\$2,713.55** or more (based on a 20 year amortization period), beginning on **August 8, 2011**, and shall continue regularly on the same day of each month thereafter until **July 8, 2018**, at which time all principal and accrued interest shall be due and payable without notice or demand. If a payment that is due has not been actually received by Payee within 10 days of the date in which it is due, then in addition to the amount of the payment, Maker shall pay to Payee an amount equal to 5% of the amount of the payment due to help defray the costs of collection.

**SECURITY FOR PAYMENT:**

This note is secured by a Deed of Trust of even date herewith, executed by the Maker hereof to **Douglas E. Burns, Trustee**, upon the following-described real property, (the "Property"):

*Tract 1: Lot 19, Block "C", of SONTERRA WEST PHASE 1B, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Cabinet AA, Slides 367 – 370, Plat Records of Williamson County, Texas.*

*Tract 2: Lot 35, Block "C", of SONTERRA WEST PHASE V-A, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Cabinet CC, Slides 98 – 100, Plat Records of Williamson County, Texas.*

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.

**DAILY COMPUTATION OF INTEREST.** Payee shall compute the daily interest on the basis of a year of 360 days for the actual number of days elapsed, with the result that the daily interest rate shall be 1/360th of the stated per annum rate, unless such calculation produces a usurious rate, in which event interest shall be calculated in a manner that will not exceed the maximum usurious rate the Payee may charge Maker in connection with the transaction of which this Note is a part.

**WAIVER OF NOTICE.** On default in the payment of this note, or in the performance of any obligation in any instrument securing or collateral to it, or if Maker or any Guarantor shall become the subject (voluntarily or involuntarily) of any bankruptcy, reorganization, receivership, or insolvency proceeding, then this note and all obligations in all instruments securing or collateral to it may, at the option of Payee, be declared immediately due and payable in full by providing written notice to the Maker. Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration, protests, and notices of protest.

**ATTORNEY'S FEES.** If this Note or any instrument securing or collateral to it is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee its reasonable attorney's fees in addition to other amounts due. Reasonable attorney's fees shall be 10% of all amounts due unless either party pleads otherwise.

**USURY.** Interest on the debt evidenced by this note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt, or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other Instruments concerning the debt.

**JOINT & SEVERAL.** Each Maker is responsible for the entire amount of this note.

**TERMS.** The terms Maker and Payee and other nouns and pronouns include the plural if more than one and Maker and Payee also include their respective heirs, personal representatives, successors, and assigns.

**APPLICATION OF PAYMENTS.** All payments made shall be credited first to the discharge of the interest accrued, and the remainder to the reduction of the principal.

**PREPAYMENTS.** Maker reserves the right to prepay this note in any amount at any time prior to maturity without penalty, and the interest shall immediately cease on any amount so prepaid.

**ASSUMPTION.** The undersigned agrees that this note shall not be assumable without the prior written consent of the holder hereof.

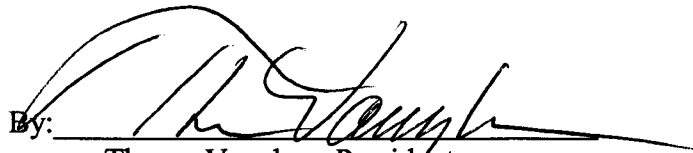
**NOTICE.** THE LOAN WHICH THE NOTE EVIDENCES IS PAYABLE IN FULL ON JULY 8, 2018, AT MATURITY, AND REGARDLESS OF WHETHER OR NOT THE HOLDER DEMANDS PAYMENT, MAKER MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE NOTE AND UNPAID INTEREST THEN DUE. THE HOLDER IS UNDER NO OBLIGATION TO REFINANCE THE NOTE AT THAT TIME. MAKER WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT IT MAY OWN, OR FIND A LENDER WILLING TO LEND THE MONEY. IF THE NOTE IS REFINANCED AT MATURITY, SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN WILL BE REQUIRED TO BE PAID EVEN IF OBTAINED FROM THE HOLDER. THIS OBLIGATION IS DUE AT MATURITY, AND HOLDER IS UNDER NO OBLIGATION TO GIVE, AND MAKER HEREBY WAIVES, NOTICE OF MATURITY AND DEMAND FOR PAYMENT AT MATURITY.

**NOTICE.** THE WRITTEN LOAN AGREEMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED this 8 day of March, 2011.

**MAKER:**

**SONTERRA WEST HOMEOWNERS' ASSOCIATION, INC.,**  
**A Texas non-profit corporation**

By:   
Theron Vaughan, President