

## PLEDGE AND ASSIGNMENT OF ASSESSMENTS

This Pledge and Assignment of Assessments (this "Assignment") is between **SONTERRA WEST HOMEOWNERS' ASSOCIATION, INC., a Texas non-profit corporation** (the "Assignor"), and **COMMUNITY BANK OF JARRELL (a Division of First National Bank of Fort Stockton)** (the "Lender").

In consideration of the loans or advances made or to be made or other financial accommodations afforded or to be afforded by the Lender to Assignor, the Assignor does hereby assign, transfer, pledge and grant a security interest to the Lender in the following:

**All regular and special assessments and fees collected by Assignor as provided for in Sonterra West Declaration of Covenants, Conditions, and Restrictions recorded under Doc. 2006008109, Doc. #2006023571, Doc. #2006056964, Doc. #2006060094, Doc. #2006080632, Doc. #2006094345, and Doc. #2007102321, as such Declarations may be amended from time to time, and any additional Declarations that might be created that entitle Assignor to collect additional assessments and fees.**

The foregoing property is herein collectively called the "Assessments".

This Assignment is made to secure all indebtedness and liability of any kind and nature of the Assignor, whether such liability is joint or several, now existing or hereafter arising, direct or indirect, or absolute or contingent, including without limitation the indebtedness evidenced by a promissory note in the principal amount of **\$350,000.00**, executed by the Assignor of even date herewith and payable to the Lender (the "Secured Indebtedness").

The Assignor agrees that so long as Lender has not released this pledge pursuant to requirements for release as set forth in the promissory note, the Assignor will not pledge or assign the Assessments, and agrees that the Assessments will be security for the Secured Indebtedness.

So long as there is not a default on the Secured Indebtedness, the Assignor shall be allowed to collect and use the Assessments for their intended purpose.

In the event of default hereunder or in the payment of all or part of the Secured Indebtedness, Lender shall have the right and power to require that some or all of the Assessments be deposited into an account to be maintained by Lender. In such event, no funds shall be withdrawn from the account except with the Lender's consent. Lender may require some or all of the Assessments to be applied against the payment of the Secured Indebtedness.

To facilitate the rights of the Lender hereunder, the Assignor authorizes the Lender, its officers, agents or assigns, to collect and withdraw all or any part of the Assessments, and the Assignor constitutes and appoints the Lender the true and lawful attorney of the Assignor with power

of substitution to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all amounts which may be or become due or payable under the Assessments, to execute any and all withdrawal receipts or other orders for the payment of money drawn on the Assessments and to endorse the name of the Assignor on all commercial paper, drafts, checks and other instruments given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceeding, either in its own name or in the name of the Assignor or otherwise, which the Lender may deem necessary or appropriate to protect and preserve the right, title and interest of the Lender hereunder, and without limiting the foregoing, the Lender shall have and is hereby given full power and authority to transfer the Assessments into the name of the Lender or its nominee.

The Assignor represents and warrants that the Assessments is genuine in all respects and what it purports to be; that the Assignor is the owner thereof free and clear of all liens and encumbrances of any nature whatsoever; that the Assignor has full power, right and authority to execute and deliver this Assignment.

The Assignor further agrees that it will continue to set the amount of the Assessments at rates that allow Assignor to fulfill its obligations under the Declarations and the Secured Indebtedness.

This Assignment shall in no wise be affected by any indulgence or indulgences, extension or extensions, change or changes, in the form, evidence, maturity, rate of interest or other of any of the Secured Indebtedness, nor by want of presentment, notice, protest, suit or indulgence upon the Secured Indebtedness or any portion thereof, nor shall any release of any security or any of the parties liable for the payment of the Secured Indebtedness in any manner affect or impair this Assignment, and the same shall continue in full force and effect, in accordance with its terms, until the Secured Indebtedness has been fully paid, at which time the Assessments may thereupon be redeemed. Any other or additional security taken for the payment of any of the Secured Indebtedness shall not in any manner affect the security given by this Assignment. This Assignment and all representations and warranties, powers and rights herein contained or resulting here from are binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Executed on this 8 day of March, 2011.

**SONTERRA WEST HOMEOWNERS' ASSOCIATION, INC.**

By: 

Theron Vaughan, President

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

By: 

John E. Grant, Senior Vice President