

4113 Main Street, Suite 105 Rowlett, TX 75088 rowletthfc.org

# Board of Directors Meeting Thursday, February 29, 2024, at 4:00 p.m. 5702 Rowlett Rd., Rowlett, TX 75089

# <u>AGENDA</u>

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the RHFC legal counsel on any agenda item herein. The Board of Directors reserves the right to reconvene, recess or realign the Regular meeting agenda or called Executive Session or order of business at any time prior to adjournment.

- 1. Call to order.
- 2. Public input: The Board of Directors may receive public input on any of the agenda items listed below.
- 3. Approval of Minutes: Consider and take action to approve the minutes of the February 14,2024.
- 4. Discuss and take any necessary action on Proposal by JPI for a development in the North Shore area (Chair Winget)
- January 2024 financial report.
   a. HFC to obtain a separate audit (see memo-Brown, Graham & Company)
- 6. Update/discussion on Lakeview Pointe Seniors(contracts/agreement)
  - a. Bill Fisher & Melissa Fisher will attend.
  - b. Discuss and take any necessary action.
  - c. Update Lakeview Seniors leased update and construction update.
- 7. Discuss and take any necessary action on Vista North Shore. Vista North Shore is a development the HFC did not move forward with, and the property is now for sale. The questions are. Regarding the entities that were formed during the process, does the HFC have to formally dissolve them? Is there any action we need to take? (Chair Winget) Ryan Bowen responded with *there really is no use for those entities and they can be dissolved. We can assist with that if you would like.*
- 8. Items of Community Interest, Topics for future agenda: Members of the Board may request topics to be placed on the agenda for a subsequent meeting. Any deliberation or decision shall be limited to a proposal to place the topic on the agenda for a subsequent meeting.



# Board of Directors Meeting Minutes Wednesday February 14, 2024, at 3:00PM

# 5720 Rowlett Rd., Rowlett TX 75089

# 1. Call to order:

President Winget called the meeting to order at 3:01 P.M. with a quorum present (Directors Winget, Schupp, Kull and Holston). Attorney Berman was also present. Ryan Bowman of Chapman and Cutler attended by phone.

## 2. Public Input:

There was no public input.

# 3. Approval of Minutes:

Consider and take action to approve minutes. Director Holston made a motion to approve the minutes of January 30, 2024, as submitted, Director Schupp seconded the motion, and motion was unanimously approved.

4. Discuss and consider a resolution to enter into a loan agreement with IBC Bank for Savannah at Lakeview and authorize the President to sign on behalf of the RHFC. (If approved, this item requires authorization by the City Council to take effect).

The RHFC was provided with a copy of the subject resolution. Previously, a loan was issued to the RHFC/Savannah partnership in the amount of \$3.5 million intended to allow continuation of construction at the Savannah Project, pending distribution of insurance claims funds due as a result of fire(s)

at the project site. Savannah is now requesting an extension of that original loan for an additional \$3.5 million in order to proceed with construction of building number 2 at the project. RHFC is being asked to approve this extension agreement as General Partner in the Savannah Project. This second loan has become necessary because lawsuits are pending that, if successful, will release additional insurance funds that are now being held.

The IBC Bank has approved this loan, which should allow completion of the Project. That should also allow Project management to begin PILOT and other payments to the City of Rowlett and RHFC. It was noted that the IBC Bank is not claiming the subject property as collateral but has agreed to accept a tax credit agreement investor arrangement instead, although it was not clear how that would actually work. Attorney Bowman explained how that might be structured but said he did not have any information on this matter and recommended that RHFC request a copy of the loan documents to know the nature of this agreement.



Housing Finance Corporation

During extensive discussion it became clear RHFC needed additional information regarding the lawsuits, loan agreement, project completion time frame and some assurance this loan would be sufficient to complete this project. Attorney Bowman said normally RHFC would be provided with the loan documents from the Lender and their Council as part of the approval process. RHFC review of the loan documents should result in a formal resolution document for approval. Attorney Berman said there was no way to predict that the pending lawsuits would be successful, and that the Insurance funds would eventually be available to pay off the loans. However, it did appear at this time the case was being handled properly and should result in additional funds from the insurance claim. Executive Director Urrutia was asked to request the loan documents from IBC Bank for RHFC review. Attorney Berman said approving the Savannah Resolution today would allow his process to go forward and provide time to gather this additional information. Attorney Bowman said the applicants want The RHFC to approve another tax exempt bond so we would need a Formal Resolution. He said he agreed with Attorney Berman that this resolution was preliminary and ok to sign, pending receipt of additional information. Attorney Berman repeated his agreement, outlined the procedure that would follow, with the understanding the City Council will have final authority to approve this loan after review of the pertinent documents. The RHFC requested Executive Director Urrutia contact Mr. Bill Fisher with the Savannah Project to attend the next RHFC meeting with the information needed to proceed with this loan request. President Winget then read the Partnership Resolution that he would sign if so authorized. Director Schupp made a motion to authorize President Winget to sign the Partnership Resolution, Director Holston seconded the motion. Motion passed unanimously.

#### 5. Update on transition to new legal counsel:

Executive Director Urrutia presented a short background on Attorney Ryan Bowman, with Chapman and Cutler Law Firm. President Winget asked for a Formal Engagement Letter and was assured one would be forthcoming. No action was taken on this item.

# 6. Items of Community Interest, Topics for future agenda: President Winget asked Executive Director Urrutia to arrange for a project

update from The One 90 Main Development, with an appearance of their Representative at the next RHFC Board meeting.

#### 7. Adjournment:

There being no further business, the meeting was adjourned at 4:14 P.M.



Approved on	_, <b>2024</b> .
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Jeff Winget 2024 President

Richard Kull 2024 Secretary

# ROWLETT HOUSING FINANCE CORPORATION STATEMENT OF NET POSITION JANUARY 31, 2024

<ul> <li>C. L. M. Liper, M. C. 1999</li> <li>A. Miller, J. Barrison</li> </ul>	Primary Governmen Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 201,602
Investments	623,828
Accounts receivable - annual issuer fee	6,250
Prepaid expense	4,503
Total current assets	836,183
Capital assets, net of accumulated depreciation	6,582,323
Other assets:	
Deposits	560
Investments in Interagency Home Financing Cooperative	15,000
Total other assets	15,56
Total assets	7,434,066
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,983
Accrued payroll liabilities	2,15
Total liabilities	4,143
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows related to land leases	6,256,543
<b>NET POSITION</b>	
Net investment in capital assets	325,780
Unrestricted	847,600
Total net position	\$ 1,173,380

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Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

No assurance is provided on these financial statements.

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# ROWLETT HOUSING FINANCE CORPORATION STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION ONE MONTH ENDED JANUARY 31, 2024

stand the state of the state of the	P	rimary Government
		Enterprise Fund
Operating revenue:		
Annual issuer fees - Savannah at Lakeview	\$	3,125
Agency fees		1,423
Land lease income		5,479
Other income		1
en in an ana an a		
Total operating revenue		10,028
Operating expenses:		
Salary and related benefits		7,971
Professional services (accounting & legal)		11,411
Office expense		1,192
Property and liability insurance		104
Conference and travel expense	_	43
Total operating expenses		20,721
Net operating loss	_	(10,693)
and the first term 1		
Non-operating income (expense):		
Interest income		3,326
Change in net position		(7,367)
Net position:		
Beginning of year		1,180,747
End of year	\$	1,173,380

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Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

No assurance is provided on these financial statements.

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# SUPPLEMENTAL INFORMATION

<b>JANUARY 31, 2024</b>	COMBINING STATEMENT OF NET POSITION	<b>ROWLETT HOUSING FINANCE CORPORATION</b>
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					JANUARY 31, 2024	31, 2024							
ASSETS	Rowlett HFC	Savannah GP	Savannah Holdings	Savannah Development	Savannah Contractor	IHFC Texas	Enclave GP	Enclave Development	Enclave Holdings	Rowlett Foundation	Subtotal	Elimination	Total
Current assets: Cash and cash equivalents	\$ 28 518 \$	10 708 \$	10 708 \$	10 708 \$	10 708 \$	10 708 \$	10 708 \$	10 708 %	10 708 8	87 ADO 6	201 602 8	9	CO2 10C
Investments Accounts receivable - annual issuer fee	623,828 6,250 865												623,828 6,250
Prepaid expense	4,503	 		1			.	1		.	4,503	-	4,503
Total current assets	663,964	10,708	10,708	10,708	10,708	13,801	10,708	10,708	10,708	87,420	840,141	(3,958)	836,183
Capital assets, net of accumulated depreciation	.		2,312,612	ĩ	ī		.	1	4,269,711		6,582,323	1	6,582,323
Other assets: Deposits Investments in LLCs	560 80,000	т. т			1 1	-				, ,	560 95,000	-	560
Total other assets	80,560					15,000	.		   1	ī	95,560	(80,000)	15,560
Total assets	744,524	10,708	2,323,320	10,708	10,708	28,801	10,708	10,708	4,280,419	87,420	7,518,024	(83,958)	7,434,066
LIA BILITIES									e.				
Current liabilities: Accounts payable Intercompany payable Accrued payroll liability	1,988 1,423 2,155	. 865			 					- 1,670 -	1,988 3,958 2,155	- (3,958) -	1,988 - 2,155
Total current liabilities	5,566	865	,	ŗ	ı	í	ī	í	ı	1,670	8,101	(3,958)	4,143
DEFERRED INFLOW OF RESOURCES													
Deferred inflow of resources for land leases			2,170,507				-		4,086,036		6,256,543		6,256,543
NET POSITION													
Net investment in capital assets Unrestricted	- 738,958	- 9,843	142,105 10,708	- 10,708	10,708	- 28,801	- 10,708	- 10,708	183,675 10,708	- 85,750	325,780 927,600	(80,000)	325,780 847,600
Total net position	\$ 738,958 S	9,843 \$	152,813 \$	10,708 \$	10,708 \$	28,801 \$	10,708 \$	10,708 \$	194,383 \$	85,750 S	1,253,380 S	(80,000) \$	1,173,380
Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States Program are excluded on the monthly financial statements.	nd substantially all atements.	disclosures req	uired by accour	tting principles gei	nerally accepted	in the United S		a are not include	d. Transactions 1	of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio	es acquired by IF	IFC Texas, LLC u	nder Trio

No assurance is provided on these financial statements. 4

# ROWLETT HOUSING FINANCE CORPORATION COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION ONE MONTH ENDED JANUARY 31, 2024

End of year	Net position: Beginning of year	Change in net position	Non-operating income (expense): Interest income	Net operating income (loss)	Total operating expenses	Conference and travel expense	Property and liability insurance	Office expense	Professional services (accounting & legal)	Operating expenses: Salary and related benefits	Total operating revenue	Other income	Land lease income	Agency fees	Operating revenue: Annual issuer fees - Savannah	
\$ 738,958 \$	753,603	(14,645)	2,950	(17,595)	20,721	43	104	1,192	11,411	7,971	3,126	-		ı	\$ 3,125 \$	Rowlett HFC
9,843 S	9,796	47	47			,		ī	,				ı	ĩ	- \$	Savannah GP
152,813 \$	150,819	1,994	47	1,947				ŀ	ŗ		1,947		1,947	L	- \$	Savannah Holdings
5 <u>10,708</u> \$	10,661	47	47				ı	I		I.	,			t	- 59	Savannah Development
10,708 \$	10,661	47	47		  ,		ł	Ļ	Ļ	IJ		1		I		Savannah Contractor
28,801 \$	27,331	1,470	47	1,423	,			ſ	·		1,423		ſ	1,423	- 5	IHFC Texas
10,708 \$	10,661	47	47		  .	.	'	ı	1				ı	L	•	Enclave GP
10,708 \$	10,661	47	47				¢	1		,		1	,	ı	-	Enclave Development
194,383 \$	190,804	3,579	47	3,532	  .		ı	J	,	l	3,532		3,532	1	-	Enclave Holdings
85,750 \$	85,750	ı	1	ĩ	1	ī	1	T		ī	Ţ	1	1	ĩ	۰ ج	Rowlett Foundation
1,253,380 \$	1,260,747	(7,367)	3,326	(10,693)	20,721	43	104	1,192	11,411	7,971	10,028	1	5,479		3,125 \$	Subtotal
(80,000) \$	(80,000)	ı	  .		1	1	,			,	т	1	ī	ï		Elimination
1,173,380	1,180,747	(7,367)	3,326	(10,693)	20,721	43	104	1,192	11,411	7,971	10,028	1	5,479		3.125	Total

Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

No assurance is provided on these financial statements. 5 5:30 PM

02/07/24

# Enclave Rowlett Holdings LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

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Туре	Date	Num	Name	Clr	Amount	Balance
	ance ransactions is and Credits - 1 ite	m				10,660.89
Deposit	01/31/2024	AN		Х	47.14	47.14
Total De	posits and Credits				47.14	47.14
Total Clear	red Transactions				47.14	47.14
Cleared Balance	e			5.00	47.14	10,708.03
	Transactions and Credits - 1 ite 03/07/2023	m	Rowlett HFC			0.00
	posits and Credits				0.00	0.00
Total Uncle	eared Transactions			5×	0.00	0.00
Register Balanc	e as of 01/31/2024				47.14	10,708.03
Ending Balance	-				47.14	10,708.03

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02/07/24

# IHFC Texas, LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance	
	ance ansactions s and Credits - 1 ite					10,660.89	
Deposit	01/31/2024	AN		х	47.14	47.14	
Total De	posits and Credits				47.14	47.14	
Total Clear	ed Transactions				47.14	47.14	
Cleared Balance	9			_	47.14	10,708.03	
Register Balanc	e as of 01/31/2024			_	47.14	10,708.03	
Ending Balanc	e				47.14	10,708.03	

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02/07/24

# Enclave Rowlett Development LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
Beginning Bala Cleared Tra	ansactions					10,660.89
200 M 200	s and Credits - 1 ite			X	47 4 4	47 4
Deposit	01/31/2024	AN		Х	47.14	47.14
Total De	posits and Credits			_	47.14	47.14
Total Cleare	ed Transactions			-	47.14	47.14
Cleared Balance				_	47.14	10,708.03
Register Balance	e as of 01/31/2024			_	47.14	10,708.03
Ending Balance	•				47.14	10,708.03

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# Enclave Rowlett GP LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
Beginning Baland Cleared Trar		m				10,660.89
Deposit	01/31/2024	AN		x	47.14	47.14
Total Depo	sits and Credits				47.14	47.14
Total Cleared	Transactions				47.14	47.14
Cleared Balance					47.14	10,708.03
Register Balance a	as of 01/31/2024				47.14	10,708.03
Ending Balance					47.14	10,708.03

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02/07/24

# Savannah at Lakeview Development, LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance	
Beginning Balanc						10,660.89	
Cleared Trans	sactions nd Credits - 1 ite	- m				10,000.89	
Deposit	01/31/2024	AN		х	47.14	47.14	
Total Depos	sits and Credits			1	47.14	47.14	
Total Cleared	Transactions				47.14		
Cleared Balance						47.14	
Register Polence				_	47.14	10,708.03	
Register Balance as	s of 01/31/2024				47.14	10,708.03	
Ending Balance					47.14	10,708.03	

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02/07/24

# Savannah at Lakeview GP, LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount		
Beginning Balanc			Hame		Amount	Balance	
Cleared Trans	sactions					10,660.89	
Deposits a	nd Credits - 1 ite	em					
Deposit	01/31/2024	AN		Х	47.14	47.14	
Total Depos	sits and Credits				47.44		
Total Cleared	Transactions			-	47.14	47.14	
	Tansactions			_	47.14	47.14	÷.,
Cleared Balance					47.14	10,708.03	
Register Balance as	s of 01/31/2024			_			
Ending Balance					47.14	10,708.03	,
Linding balance					47.14	10,708.03	

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02/07/24

# Savannah at Lakeview Holdings, LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount		
Beginning Balance Cleared Trans	e				Anount	Balance 10,660.89	
	nd Credits - 1 ite 01/31/2024					10,000.89	
		AN		х _	47.14	47.14	
Total Deposits and Credits Total Cleared Transactions			_	47.14	47.14		
Cleared Balance	Tansactions				47.14	47.14	
Register Balance as of 01/31/2024				47.14	10,708.03		
Ending Balance				47.14	10,708.03		
Linding balance					47.14	10,708.03	

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02/09/24

# Rowlett Housing Finance Corporation Reconciliation Detail 12100 · TexPool Prime Plus Account, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
	lance Fransactions its and Credits - 1 ite	em				78,442.34
Deposit	01/31/2024	AN		х	369.61	369.61
Total D	eposits and Credits			_	369.61	369.61
Total Clea	ared Transactions			_	369.61	369.61
Cleared Balan	ce			_	369.61	78,811.95
Register Balan	ce as of 01/31/2024			_	369.61	78,811.95
Ending Balan	ce				369.61	78,811.95

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02/09/24

# Rowlett Housing Finance Corporation Reconciliation Detail 12200 · LOGIC Pool Account, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr ·	Amount	Balance
Beginning Baland						
Cleared Trar						577,436.43
Checks ar	nd Payments - 1 i	tem				
Transfer	01/09/2024	AN		x	-35,000.00	-35,000.00
Total Chec	ks and Payments				-35,000.00	-35,000.00
Deposits a	and Credits - 1 ite	m				
Deposit	01/31/2024	AN		х	2,580.50	2,580.50
Total Depo	sits and Credits				2,580.50	2,580.50
Total Cleared	Transactions				-32,419.50	-32,419.50
Cleared Balance						
Dogistar Delas					-32,419.50	545,016.93
Register Balance a	s of 01/31/2024				-32,419.50	545,016.93
Ending Balance					-32,419.50	545,016.93

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02/08/24

# Rowlett HFC Foundation Reconciliation Detail 10101 · BB&T, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b> Cleared Balance						87,420.36
Register Balance as of 0	1/31/2024					87,420.36
Ending Balance	5175172024					87,420.36
and balance						87,420.36

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#### 02/09/24

# Rowlett Housing Finance Corporation Reconciliation Detail

# 10101 · Truist Checking (formerly BB&T), Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
Beginning Balance	e					
Cleared Trans	sactions					15,996.71
Paycheck	Payments - 1					
Liability Check	12/31/2023	TBD	Peter D Urrutia	Х	-3,039.61	-3,039.61
Check	01/01/2024	E-pay	U.S. Department of	Х	-2,184.24	-5,223.85
Liability Check	01/08/2024	1293	Freedom Place Chu	Х	-550.00	-5,773.85
Transfer	01/11/2024		QuickBooks Payroll	Х	-3,041.48	
	01/12/2024		to the second se	Х	-704.73	-8,815.33
Check	01/19/2024	1296	Brown, Graham & C	x	-7,589.50	-9,520.06
Check	01/19/2024	1298		x	-800.00	-17,109.56
Check	01/22/2024			x		-17,909.56
Liability Check	01/25/2024		QuickBooks Payroll	x	-15.00	-17,924.56
Liability Check	01/30/2024	E-pay	U.S. Department of	x	-2,872.77	-20,797.33
Check	01/31/2024	1297	Brown, Graham & C	x	-84.00	-20,881.33
Total Charles			Brown, Granam & C	^	-3,021.00	-23,902.33
	and Payments				-23,902.33	-23,902.33
Transfer	d Credits - 5 ite					
Paycheck	01/09/2024	AN		Х	35,000.00	35,000.00
Paycheck	01/12/2024	DD1131	Peter D Urrutia	Х	0.00	35,000.00
Deposit	01/26/2024	DD1132	Peter D Urrutia	Х	0.00	35,000.00
Deposit	01/29/2024		TC Sun Chase HOA	Х	0.50	35,000.50
Deposit	01/29/2024		IHFC Texas, LLC	Х	1,422.75	36,423.25
Total Deposit					36,423.25	36,423.25
Total Cleared Tr	ransactions				12,520.92	12,520.92
Cleared Balance					12,520.92	28,517.63
Uncleared Tran Checks and I Bill Pmt -Check	sactions Payments - 1 it 12/08/2023	<b>em</b> 1292	Brown, Graham & C			20,017.00
Total Checks	and Payments	1202	Brown, Granam & C		-18,326.50	-18,326.50
	Credits - 2 iter				-18,326.50	-18,326.50
ransfer	12/11/2023	AN				
aycheck	12/15/2023		Brown, Graham & C		18,326.50	18,326.50
		DD1130	Peter D Urrutia		0.00	18,326.50
Total Deposits	and Credits				18,326.50	18,326.50
Total Uncleared	Transactions				0.00	0.00
egister Balance as o					12,520.92	28,517.63
New Transaction	ns					
Checks and P	ayments - 1 ite	m				
ability Check	02/08/2024		QuickBooks Payroll		-2,949.28	-2,949.28
Total Checks a					-2,949.28	-2,949.28
	Credits - 1 iten 02/09/2024	ו DD1133	Datas D. Line (			
Total Deposits		001133	Peter D Urrutia		0.00	0.00
Total New Transa					0.00	0.00
ding Balance					-2,949.28	-2,949.28
					9,571.64	25,568.35

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# Savannah at Lakeview Contractor, LLC Reconciliation Detail 10102 · JP Morgan MM, Period Ending 01/31/2024

Туре	Date	Num	Name	Clr	Amount	Balance
	ance ransactions ts and Credits - 1 ite					10,660.89
Deposit	01/31/2024	AN		х	47.14	47.14
Total De	eposits and Credits			_	47.14	47.14
Total Clea	red Transactions			_	47.14	47.14
Cleared Balance	e			_	47.14	10,708.03
Register Balanc	e as of 01/31/2024				47.14	10,708.03
Ending Balanc	e				47.14	10,708.03

Rowlett Housing Finance Corporation

# Memo

To:	Rowlett Housing Finance Corporation Board of	Directors
From:	Peter D. Urrutia, Executive Director RHFC	
Date:	February 12, 2024	
Re:	Question on separate audit of the Rowlett HFC	

This is the response I received from Shannon M. Andre' CPA, CFE, Vice President/Austin Managing Shareholder for Brown, Graham & Company P.C.

Brown, Graham & Company provides an annual compilation for Rowlett HFC that includes all financial statements and note disclosures required by accepted accounting principles. Our firm is not independent of Rowlett HFC due to the level of our accounting and consulting services that Brown, Graham & Company provides. Brown, Graham & Company could not provide an audit.

The HFC's activities are audited by an outside CPA firm (Weaver is the accounting firm the City of Rowlett uses) as part of the annual audit of the City of Rowlett.

There is no need/requirement for the HFC to obtain a separate audit.

Rowlett Housing Finance Corporation

# Memo

orporation
FC

Lakeview Seniors had a total of zero move ins for January and 3 move outs. We have only zero units left to lease in building one and we have sixty-one residents in building 3 and 8 leased units making building 3 71.88% leased. We are 50.40% (lowered because we have added building two to the status as we are leasing that building now) occupied on the property. We also had four new applicants, with two denied and one cancelled, leaving a net of one. We are down to only seventeen studios left to lease in building 3 and 7 2 bedrooms left to lease in building three.

They are just waiting for City of Rowlett to give CO for clubhouse, we are hoping to have pool and clubhouse CO's this month.

They closed the month of Oct at 53.70% leased for entire property.

They are running a current special for their studios, which are harder to lease, with a reduced rate and 1 month free for a limited time only. Since the special we have been able to lease four studios as for Feb 6, 2024. We are expecting more studio leases this month.

#### AFFIDAVIT

THE STATE OF TEXAS §

#### COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared JEFF WINGET,

known to me to be a credible person, and, after being duly sworn, upon his oath did depose and say:

"THAT I, JEFF WINGET, am one and the same person as JEFFREY WINGET.

FURTHER, I am one and the same person as variations of my name may appear in corporate documents of which I am President, Managing Member, Member, Manager and/or an Officer."

Further Affiant sayeth not.

### JEFF WINGET

SUBSCRIBED AND SWORN TO, before me, on this \_\_\_\_\_ day of February 2024, to certify which, witness my hand and seal of office.

Notary Public, State of

<u>AFFIDAVIT – JEFF WINGET</u>

#### **ASSIGNMENT OF LITIGATION PROCEEDS**

This Assignment of Litigation Proceeds (this "Agreement") dated as of February \_\_\_\_\_, 2024, is by and between RISE RESIDENTIAL CONSTRUCTION, LP, a Texas limited partnership ("Pledgor") and INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender").

#### **RECITALS:**

A. SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership, fka TX LAKEVIEW SENIORS, LP, a Texas limited partnership ("Borrower") has requested that Lender make a loan to Borrower in the maximum aggregate principal amount of \$3,500,000.00 (the "Loan").

B. The Loan is referred that certain Construction Loan Agreement, dated as of April 28, 2023, by and between Lender and Borrower (as amended, supplemented or restated from time to time, collectively, the "Loan Agreement").

C. The Loan is evidenced by, among other things, that certain Promissory Note, dated of even date herewith, made by Borrower, as maker, payable to the order of Lender (as amended, restated or supplemented from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated or supplemented from time to time, the "**Note**").

D. The Loan will be secured by, among other things, certain personal property pledged by Borrower and other collateral and collectively with the Loan Agreement, the Note and all other documents, instruments and agreements evidencing or securing the Loan, the "Loan **Documents**"). All capitalized terms in this Agreement not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

E. On December 9, 2022, Borrower and Pledgor filed suit against Oncor Electric Delivery Company LLC ("**Oncor**"), Texas State Utilities, LLC ("**TSU**") and Standard Utility Construction, Inc. ("**Standard Utility**" and collectively with Oncor and TSU, "**Defendants**") in the case styled Savannah at Lakeview, LP, et al. v. Oncor Electric Delivery Company LLC, et al., in the 68th Judicial District Court of Dallas County, Texas, Cause No. DC-22-16947 (the "**Litigation**") alleging Oncor breached its contract with Borrower and Pledgor related to its work on a senior independent living community located at 7420 Lakeview Parkway, Rowlett, Texas 75088 (the "**Property**"), and Defendants were negligent in relation to its duties while working on the Property.

NOW, THEREFORE, Pledgor and Lender agree that for value received, the receipt and sufficiency of which is hereby acknowledged, Pledgor hereby agrees:

1. **Assignment.** Pledgor hereby assigns to Lender all rights, title, and interest in any proceeds, damages, money, settlements, and/or judgments awarded to Pledgor arising from or in relation to Pledgor's causes of action, claims, and rights to recovery it may now have or later possess in the Litigation, including any later filed causes of action, claims, and rights to recovery in the same Litigation whether against Defendants, or any other contractor working for, with or on behalf of Defendants.

ASSIGNMENT OF LITIGATION PROCEEDS - RISE

Page 1

2. **Duty to Prosecute.** Pledgor agrees to continue to pursue the Litigation, and all claims and rights to monies and proceeds in connection therewith, in good faith, including the pursuit of any damages or judgment awarded in the Litigation. Pledgor will prosecute any of its causes of action, claims, and rights to recovery it may now have or later possess in the Litigation at its own cost and without contribution from the Lender. Pledgor shall provide Lender with regular reports and updates regarding the Litigation, as requested by Lender from time to time.

3. **Settlement**. Pledgor will have the ability to settle with, dismiss, or nonsuit any Defendant in the Litigation, with the prior written consent of Lender or its counsel.

4. **Confidentiality**. Lender agrees to use commercially reasonable efforts to maintain the confidentiality and reasonably protect all written or oral communications, information, documents, materials, mental impressions, and/or litigation strategy which are exempted from disclosure under Federal or State law and/ or subject to nondisclosure under the Evidence Code relating to privilege, attorney-client, work product, joint prosecution, common interest, and/or any other type of privilege, immunity, and/or protection to which the Parties may be otherwise entitled with respect to the Litigation, which is provided by Pledgor to Lender in connection with the obligations of this Agreement.

#### 5. **General Provisions**.

a. **Nature of Relationship**. Lender and Pledgor intend that the relationship between them shall be solely that of creditor and debtor. Nothing in this Agreement or the other Loan Documents shall be construed to create a partnership or any other relationship which would make Lender in any way responsible or liable for the debts, losses, obligations or duties of Pledgor.

b. **Third Parties.** No provision of this Agreement is intended or shall be construed to be for the benefit of any third party.

c. **Further Assurances.** Pledgor shall execute, acknowledge, and deliver any further assurances, documents, and instruments, and shall take any other action, requested by Lender to carry out the purposes and intent of this Agreement.

d. **Entire Agreement; Modifications**. This Agreement and the Loan Documents constitute the entire agreement of the parties and supersede all prior negotiations, agreements or understandings and may not be contradicted by evidence of any alleged oral agreement. No modification or amendment of this Agreement or the Loan Documents shall be effective unless set forth in writing and signed by Lender and Pledgor.

e. **Counterparts**. This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same original.

f. **Severability**. If any term or provision of this Agreement is illegal or invalid for any reason, such illegality or invalidity shall not affect the enforceability of the remaining provisions of this Agreement and the other Loan Documents.

ASSIGNMENT OF LITIGATION PROCEEDS - RISE

Page 2

g. **Construction and Interpretation**. This Agreement and the other Loan Documents are the result of substantial negotiations between Pledgor and Lender and shall be construed in accordance with the fair intent of the language contained herein and in the other Loan Documents in their entirety and not for or against either party, regardless of which party was responsible for preparation. Pledgor and Lender each represent to the other that each has consulted with its own legal counsel in connection with this Agreement and the other Loan Documents.

## h. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

[Signature pages follow]

#### ASSIGNMENT OF LITIGATION PROCEEDS - RISE

Page 3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered effective as of the date first set forth above.

#### **PLEDGOR:**

Rise Residential Construction, LP, a Texas limited partnership

By: Rise Residential Construction GP, Inc., a Texas corporation, its General Partner

By:

Melissa Renee Fisher President

STATE OF	§
	ş
COUNTY OF	§

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2024, by Melissa Renee Fisher, President of Rise Residential Construction GP, Inc., a Texas corporation, the General Partner of Rise Residential Construction, LP, a Texas limited partnership, on behalf of said limited partnership.

Notary Public, State of \_\_\_\_\_\_ My Commission Expires: \_\_\_\_\_

ASSIGNMENT OF LITIGATION PROCEEDS - RISE

BORROWER SIGNATURE PAGE

### **LENDER:**

International Bank of Commerce, a Texas state banking corporation

By:\_\_\_

Lee Reed, President

STATE OF TEXAS § COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2024, by Lee Reed, President of International Bank of Commerce, a Texas state banking corporation, on behalf of said corporation.

Notary Public, State of Texas My Commission Expires:

ASSIGNMENT OF LITIGATION PROCEEDS - RISE

LENDER SIGNATURE PAGE







# ASSIGNMENT OF LITIGATION PROCEEDS

This Assignment of Litigation Proceeds (this "Agreement") dated as of February \_\_\_\_\_, 2024, is by and between SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership, fka TX LAKEVIEW SENIORS, LP, a Texas limited partnership ("Borrower") and INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender").

#### **RECITALS:**

A. Borrower has requested that Lender make a loan to Borrower in the maximum aggregate principal amount of \$3,500,000.00 (the "Loan").

B. The Loan is referred that certain Construction Loan Agreement, dated as of April 28, 2023, by and between Level 1999

28, 2023, by and between Lender and Borrower (as amended, supplemented or restated fr to time, collectively, the "Loan Agreement").

C. The Loan is evidenced by, among other things, that certain Promissory No of even date herewith, made by Borrower, as maker, payable to the order of Lender (as a restated or supplemented from time to time, or any note executed in substitution therefor. substitute note may be amended, restated or supplemented from time to time, the "**Note**")

D. The Loan will be secured by, among other things, certain personal property by Borrower and other collateral and collectively with the Loan Agreement, the Note and documents, instruments and agreements evidencing or securing the Loan, the **Documents**"). All capitalized terms in this Agreement not otherwise defined herein shall meanings set forth in the Loan Agreement.

E. On December 9, 2022, Borrower and Rise Residential Construction, LP, limited partnership, filed suit against Oncor Electric Delivery Company LLC ("Oncor" State Utilities, LLC ("TSU") and Standard Utility Construction, Inc. ("Standard Util collectively with Oncor and TSU, "Defendants") in the case styled Savannah at Lakeviev al. v. Oncor Electric Delivery Company LLC, et al., in the 68th Judicial District Court c County, Texas, Cause No. DC-22-16947 (the "Litigation") alleging Oncor breached its with Borrower related to its work on a senior independent living community located Lakeview Parkway, Rowlett, Texas 75088 (the "Property"), and Defendants were neg relation to its duties while working on the Property.

NOW, THEREFORE, Borrower and Lender agree that for value received, the rec sufficiency of which is hereby acknowledged, Borrower hereby agrees:

1. Assignment. Borrower hereby assigns to Lender all rights, title, and in any proceeds, damages, money, settlements, and/or judgments awarded to Borrower arisi or in relation to Borrower's causes of action, claims, and rights to recovery it may now later possess in the Litigation, including any later filed causes of action, claims, and rights to in the same Litigation whether against Defendants, or any other contractor working for, w behalf of Defendants.

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# ASSIGNMENT OF LITIGATION PROCEEDS - SAVANNAH

IBC – SAVANNAH AT LAKEVIEW, LP 2024

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2. **Duty to Prosecute.** Borrower agrees to continue to pursue the Litigation, and all claims and rights to monies and proceeds in connection therewith, in good faith, including the pursuit of any damages or judgment awarded in the Litigation. Borrower will prosecute any of its causes of action, claims, and rights to recovery it may now have or later possess in the Litigation at its own cost and without contribution from the Lender. Borrower shall provide Lender with regular reports and updates regarding the Litigation, as requested by Lender from time to time.

3. **Settlement**. Borrower will have the ability to settle with, dismiss, or nonsuit any Defendant in the Litigation, with the prior written consent of Lender or its counsel.

4. **Confidentiality**. Lender agrees to use commercially reasonable efforts to maintain the confidentiality and reasonably protect all written or oral communications, information, documents, materials, mental impressions, and/or litigation strategy which are exempted from disclosure under Federal or State law and/ or subject to nondisclosure under the Evidence Code relating to privilege, attorney-client, work product, joint prosecution, common interest, and/or any other type of privilege, immunity, and/or protection to which the Parties may be otherwise entitled with respect to the Litigation, which is provided by Borrower to Lender in connection with the obligations of this Agreement.

## 5. General Provisions.

a. **Nature of Relationship**. Lender and Borrower intend that the relationship between them shall be solely that of creditor and debtor. Nothing in this Agreement or the other Loan Documents shall be construed to create a partnership or any other relationship which would make Lender in any way responsible or liable for the debts, losses, obligations or duties of Borrower.

b. **Third Parties.** No provision of this Agreement is intended or shall be construed to be for the benefit of any third party.

c. **Further Assurances**. Borrower shall execute, acknowledge, and deliver any further assurances, documents, and instruments, and shall take any other action, requested by Lender to carry out the purposes and intent of this Agreement.

d. **Entire Agreement; Modifications.** This Agreement and the Loan Documents constitute the entire agreement of the parties and supersede all prior negotiations, agreements or understandings and may not be contradicted by evidence of any alleged oral agreement. No modification or amendment of this Agreement or the Loan Documents shall be effective unless set forth in writing and signed by Lender and Borrower.

e. **Counterparts**. This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same original.

f. **Severability**. If any term or provision of this Agreement is illegal or invalid for any reason, such illegality or invalidity shall not affect the enforceability of the remaining provisions of this Agreement and the other Loan Documents.

#### ASSIGNMENT OF LITIGATION PROCEEDS - SAVANNAH

g. **Construction and Interpretation**. This Agreement and the other Loan Documents are the result of substantial negotiations between Borrower and Lender and shall be construed in accordance with the fair intent of the language contained herein and in the other Loan Documents in their entirety and not for or against either party, regardless of which party was responsible for preparation. Borrower and Lender each represent to the other that each has consulted with its own legal counsel in connection with this Agreement and the other Loan Documents.

#### h. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

[Signature pages follow]

ASSIGNMENT OF LITIGATION PROCEEDS - SAVANNAH

IBC – SAVANNAH AT LAKEVIEW, LP 2024

Page 3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered effective as of the date first set forth above.

#### **BORROWER:**

Savannah at Lakeview, LP, a Texas limited partnership

By: Savannah at Lakeview GP, LLC, a Texas limited liability company, its General Partner

By:\_\_

Jeff Winget, President

 STATE OF \_\_\_\_\_\_
 §

 COUNTY OF \_\_\_\_\_\_
 §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2024, by Jeff Winget, President of Savannah at Lakeview GP, LLC, a Texas limited liability company, the General Partner of Savannah at Lakeview, LP, a Texas limited partnership, on behalf of said limited partnership.

Notary Public, State of \_\_\_\_\_\_ My Commission Expires: \_\_\_\_\_\_

ASSIGNMENT OF LITIGATION PROCEEDS - SAVANNAH

BORROWER SIGNATURE PAGE
# **LENDER:**

International Bank of Commerce, a Texas state banking corporation

By:\_\_\_

Lee Reed, President

STATE OF TEXAS §
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2024, by Lee Reed, President of International Bank of Commerce, a Texas state banking corporation, on behalf of said corporation.

Notary Public, State of Texas My Commission Expires:

ASSIGNMENT OF LITIGATION PROCEEDS - SAVANNAH

LENDER SIGNATURE PAGE

# **CERTIFICATION OF BENEFICIAL OWNER(S)**



1600 FM 802 Brownsville, Texas 78526 (956) 547-1000- Member FDIC

merc

040

Persons opening an account on behalf of a legal entity must provide the following information:

- a. Name and Title of Natural Person Opening Account -Jeff Winget President
- b. Name, Type and Address of Legal Entity for Which the Account is Being Opened -Savannah at Lakeview, LP Partnership - Limited (LP) 16812 Dallas Parkway Dallas, TX 75248

c. The following information for <u>each</u> individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above -

Name	Date of Birth	Address (Residential or Business Street Address)	For U.S. Persons: Social Security Number	For Non-U.S. Persons: Social Security Number, Passport Number and Country of Issuance,
				or other similar identification number <sup>i</sup>
Not Applicable			,	
				Perse
				2013 21-120 21-120

(If no individual meets this definition, please write "Not Applicable.")

d. The following information for <u>one</u> individual with significant responsibility for managing the legal entity listed above, such as -

- An executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or
- Any other individual who regularly performs similar functions.

(If appropriate, an individual listed under section (c) above may also be listed in this section (d)).

Name/Title	Date of	Address (Residential or		
	Birth	Business Street Address)	For U.S. Persons:	For Non-U.S. Persons:
		= monicos Succer Address)	Social Security	Social Security
			Number	Number, Passport
				Number and Country of
				Issuance,
				or other similar
				identification number <sup>i</sup>
Jeff Winget President			·	

*I*, Jeff Winget (*name of natural person opening account*), hereby certify, to the best of my knowledge that the information provided above is complete and correct. Customer agrees to notify IBC/Commerce Bank of any change in Beneficial Ownership as long as any deposit or loan account remains open with IBC/Commerce Bank.

Signature: \_\_\_\_\_ Date:

Legal Entity Identifier \_\_\_\_\_ (Optional)

<sup>&</sup>lt;sup>i</sup> In lieu of a passport number, Non –U.S. Persons may also provide a Social Security Number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

# BUSINESS CONSUMER WAIVER



International Bank of Commerce

frincipal	Loan Date	Maturity	Loan Number	Officer	
\$3,500,000.00	2//2024	4/ /2025	1080037217	Officer	Initial
			1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Dringing

Lender: International Bank of Commerce

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, this shall be an addendum to the Promissory Note/Real Estate Lien Note, Security Agreement, Assignments, Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, Guaranty, Application(s) and/or other Loan Document(s) that any of the undersigned executed and delivered to International Bank of Commerce (collectively, the "Loan Documents," whether one or more) on February \_\_\_, 2024 and is executed by the undersigned for the express purpose and intention of incorporating the contents of this addendum into each of the Loan Documents.

Notwithstanding any other provision in any of the Loan Document(s) or in any other note, instrument, or document delivered pursuant hereto or in connection herewith or in connection with any loan, extension of credit or credit facility to which Lender and any of the undersigned are parties, Lender and each of the undersigned and any entity, however organized, of which all rights each has, or may have, to assert a claim with respect to this transaction, any contemporaneous or future transaction and/or any agreement, instrument or document delivered pursuant thereto or in connection herewith, for any type of exemplary or punitive damages, or any multiplier of actual damages, available in equity or under statute or at law

The following specific language is statutorily required in Texas Credit Transactions of \$100,000.00 or less and this waiver is independent of and in addition to the waivers set forth above:

# WAIVER OF CONSUMER RIGHTS

I hereby waive the provisions of, and my rights under, the Texas Deceptive Trade Practices – Consumer Protection Act, Section 17.41 <u>et seq.</u>, Business and Commerce Code, a law that gives consumers special rights and protections. I further waive any relief or entitlements thereunder. After consultation with an attorney of my selection, I voluntarily consent to this waiver.

The waiver(s) set forth above are continuing and specifically are applicable to any renewal, extension, rearrangement, modification or work-out of the transaction, loan, extension of credit or credit facility and/or to all future rearrangement, transaction, loans, extensions of credit and/or credit facilities between the Lender and any of the undersigned.

#### ARBITRATION

Any dispute between Lender and any of the undersigned will be resolved by arbitration pursuant to the arbitration agreement contained in the Loan Documents, which is incorporated herein for all purposes.

### NO ORAL AGREEMENTS

THIS WRITTEN DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AS OF THIS DATE AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed this \_\_ day of February, 2024.

# BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

> > By:\_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248 Rise Residential Construction, LP A Texas Limited Partnership

By: Rise Residential Construction GP, Inc. A Texas Corporation Title: General Partner

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

Rise Residential Development, LLC A Texas Limited Liability Company

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Parkway Dallas, Texas 75248

Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway Dallas, Texas 75248

Savannah at Lakeview GP, LLC A Texas Limited Liability Company

By:

Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

# SECURED PARTY:

# International Bank of Commerce

By:

Name: Lee Reed Title: President

## **CLOSING CERTIFICATE**

## February , 2024

The undersigned SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership (the "Borrower"), hereby certifies to INTERNATIONAL BANK OF COMMERCE (the "Lender"), as set forth below. Borrower acknowledges that Lender is relying on the following representations of Borrower in making a \$ 3,500,000.00 loan to Borrower (the "Loan"), which loan is secured by, among other collateral, certain personal property (collectively, the "Collateral"). Borrower hereby warrants and affirms to and for the benefit of Lender, its successors and assigns, that each of the following representations is true, correct and complete as of the date hereof.

1. All financial statements of Borrower delivered to Lender by or on behalf of the Borrower are true and correct in all material respects, and accurately represent in a consistent manner the respective financial conditions of the subjects thereof in accordance with sound and reasonable, tax or generally accepted accounting principles, consistently applied, as of the respective dates thereof.

2. No material adverse change has occurred in the financial condition of Borrower since the date of any such financial statements, no such material adverse change is imminent or anticipated, and to the best of Borrower's knowledge, Borrower has not had filed against it a petition for any of the following and no such filing is imminent or anticipated:

- (a) the appointment of a receiver of all or any part of its property;
- (b) the appointment of an assignment for the benefit of creditors;
- (c) bankruptcy or insolvency; or

(d) the liquidation or winding up of its affairs under the proceedings of any federal or state insolvency laws.

3. The Borrower intends to use and will use the Loan solely for business and commercial purposes. Borrower does not intend to use and will not use any portion of the Loan for personal, family or household purposes.

4. To the best of Borrower's knowledge, no material adverse change has occurred in the condition of the Collateral since the respective dates of any reports and appraisals with respect thereto submitted to Lender by or on behalf of Borrower.

5. To the best of Borrower's knowledge, no lien or security interest has been filed against the Collateral, except existing liens and security interests filed by Lender.

#### **CLOSING CERTIFICATE**

Page 1

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6. Except filing in favor of Lender, no financing statements have been filed in the Texas Secretary of State's office or the Real Property Records of Dallas County, Texas, with respect to any of the Collateral.

[Signature page follows]

**CLOSING CERTIFICATE** 

IBC – SAVANNAH AT LAKEVIEW, LP 2024

Page 2

# BORROWER:

Savannah at Lakeview, LP, a Texas limited partnership

By: Savannah at Lakeview GP, LLC, a Texas limited liability company, its General Partner

By: \_\_\_\_

Jeff Winget, President

**CLOSING CERTIFICATE** 

Page 3

# COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS, CAPITAL CONTRIBUTIONS, OPERATING RESERVE AND PARTNERSHIP INTERESTS

This Collateral Assignment of Rights to Tax Credits, Capital Contributions, Operating Reserve and Partnership Interests ("Assignment") is made as of February \_\_\_\_\_\_, 2024, by and between SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership ("Borrower"), and SAVANNAH AT LAKEVIEW GP, LLC, a Texas limited liability company ("General Partner"), in favor of INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender").

# RECITALS

A. Borrower has requested that Lender make a loan (the "Loan") to Borrower, in the maximum aggregate principal amount of \$3,500,000.00, to finance certain costs to construct and equip certain multifamily residential improvements (collectively, the "Improvements") on the real property described in Exhibit A attached hereto (the "Land" and collectively with the Improvements, the "Property"). The Loan will be made by Lender to Borrower pursuant to that certain Construction Loan Agreement dated April 28, 2023, as amended (collectively, the "Loan Agreement"), by and among Borrower and Lender, et al. The Loan will be evidenced by, among other things, that certain Promissory Note (the "Note") dated February \_\_\_\_\_, 2024, from Borrower and made payable to the order of Lender.

B. General Partner, among other partners, including without limitation, ("Investor Limited Partner"), (the "Class B Special Limited Partner") and (the "Special Limited Partner") have entered into that certain Amended and Restated Limited Partnership Agreement of Borrower, dated as of December 22, 2017, as amended (collectively, the "Partnership Agreement"), and documents executed pursuant thereto.

C. Lender would not enter into the Loan Agreement absent Borrower's and General Partner's execution and delivery of this Assignment.

D. Borrower intends hereby to assign to Lender all of Borrower's right, title, and interest in and to the Collateral (hereinafter defined).

E. General Partner intends hereby to assign to Lender, as part of the Collateral, General Partner's respective partnership interests in Borrower, upon the terms and conditions set forth below.

Therefore, in consideration of Lender's agreement to make the Loan and other good and valuable consideration, Borrower and General Partner hereby agree as follows:

### AGREEMENT

1. <u>Grant of Security Interest</u>. To the extent permitted by applicable laws and regulations, including without limitation any applicable requirements of the Internal Revenue

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

Page 1

Code of 1986 (collectively, the "Tax Credit Requirements"), and solely as additional security for the Secured Obligations (hereinafter defined), Borrower and General Partner hereby grant, assign and transfer to Lender a security interest in all of their right, title and interest in and to all of the following (collectively, "Collateral"):

(a) the Partnership Agreement and all documents executed pursuant thereto, including, without limitation, all benefits and rights to enforce the obligations of Investor Limited Partner to Borrower and General Partner pursuant to and under the Partnership Agreement;

(b) all rights of Borrower and General Partner to receive the capital contributions and any other payments to be paid by Investor Limited Partner for the Investor Limited Partner's partnership interest in Borrower pursuant to the Partnership Agreement, whether in the form of capital contributions or otherwise;

(c) all security, promissory notes and other instruments, if any, given or to be given by Investor Limited Partner to Borrower pursuant to the Partnership Agreement to secure and/or fulfill Investor Limited Partner's obligations under the Partnership Agreement;

(d) all federal low-income housing tax credits under Section 42 of the Internal Revenue Code arising out of or with respect to the Property (the "Tax Credits") and all allocations, reservations, carryover allocations, and commitments of the Tax Credits, to the extent that the same may legally be assigned following foreclosure or delivery of a deed in lieu thereof;

(e) all of the partnership interests in the Borrower held by General Partner, all rights of General Partner as partner of Borrower, and the proceeds and products thereof, including, without limitation, General Partner's right to vote on partnership matters, and all distribution fees, returns of capital, distributions, share of profits, tax credits, income, surplus, repayment of loans or advances and other property rights and interests that General Partner may at any time be entitled at any time to receive on account of such interests;

(f) all payments due, paid or to be paid to Borrower or General Partner, or any of General Partner's affiliates, as fees (other than developer fees that have been fully earned), returns of capital, distributions, share of profits, tax credits, other tax benefits, income, surplus, repayment of loans or advances or for any other purpose;

(g) all moneys held by or on behalf of Borrower with respect to the Property, including, without limitation, construction funds, operating funds and reserve funds, and the operating reserve for the Property required to be maintained pursuant to the terms of the Partnership Agreement;

(h) all accounts, deposit accounts, accounts receivable, chattel paper, instruments, documents, general intangibles or rights to payment with respect to any of the foregoing; and

### COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

(i) all proceeds, replacements and renewals of any of the foregoing, including all securities, guaranties, warranties, indemnity agreements, insurance policies and other agreements pertaining to the same or the property described therein, together with whatever is receivable or received when any of the foregoing is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including, without limitation, all rights to payment with respect to any cause of action affecting or relating to any of the foregoing (collectively, the property described in this subsection is herein referred to as "Proceeds").

2. <u>Obligations Secured by Collateral</u>. The obligations secured by the Collateral ("Secured Obligations") are the payment and performance of: (a) the indebtedness of Borrower to Lender under the Loan; (b) each and every obligation of Borrower under the documents evidencing or securing the Loan (collectively, the "Loan Documents"); (c) all obligations of Borrower and General Partner, and the rights of Lender under this Assignment; and (d) all present and future obligations of Borrower to Lender which expressly provide that they are secured hereby.

3. <u>Termination</u>. This Assignment will terminate if and when the Note and Note – 2023 (defined in the Loan Agreement) have been paid in full.

4. <u>Assignment, Authority; Application</u>. Without diminishing the rights and security interests granted hereunder, so long as no Event of Default (hereinafter defined) exists, but subject in all cases to the Loan Agreement, Borrower and General Partner may:

(a) Operate, manage and conduct Borrower's and General Partner's business and affairs without hindrance from Lender; provided, however, that they shall do so only in a manner consistent with this Agreement and the Loan Documents; and

(b) Use, take advantage of, and have all of the benefits of their respective partnership interests including without limitation exercising full voting rights and receiving all distributions (and such permitted distributions, once received by a partner of Borrower, shall not be subject to this Assignment); provided, however, that Borrower and General Partner may not sell new partnership interests, transfer existing partnership interests (other than transfers of limited partner interests in the Borrower or the removal of the General Partner pursuant to the terms of the Partnership Agreement), or admit substitute or additional parties as partners in Borrower, without Lender's prior written consent, except as otherwise expressly provided herein or in any other Loan Document.

5. <u>Representations and Warranties of Borrower and General Partner</u>. Borrower and General Partner represent and warrant to Lender: (a) Borrower is the sole owner and, except as set forth in the Tax Credit Requirements, has control of the Tax Credits and the Collateral; (b) Borrower and General Partner have the full power, authority and right to grant a security interest in the Collateral; (c) except for any encumbrance of the Collateral by or for the benefit of Lender, all the Collateral is genuine, free from liens, adverse claims, setoffs, prepayments, defenses and conditions precedent of any kind or character, except as expressly stated in this Assignment or the Partnership Agreement; and (d) except for any encumbrance of the Collateral by or for the benefit of Lender, no financing statement covering any of the Collateral, and naming any secured party other than Lender, is on file or of record in any public office.

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

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# 6. <u>Powers of Lender</u>.

Each of Borrower and General Partner appoint Lender its true attorney in (a) fact to perform any of the following powers, which are coupled with an interest, are irrevocable until termination of this Assignment and may be exercised from time to time by Lender's officers and employees, or any of them, but (except with respect to clauses (ii), (v), (ix) and (xiii) below) only during the occurrence of an Event of Default and only to the extent permitted by the Tax Credit Requirements: (i) to perform any obligation of Borrower and General Partner hereunder in Borrower's or General Partner's name or otherwise; (ii) to give notice of Lender's rights under the Collateral, to enforce the same and make extension agreements with respect thereto, including, without limitation, to file any financing statement, renewal thereof and amendment thereto with respect to this Assignment; (iii) to liquidate any time deposit pledged to Lender hereunder prior to its maturity date and apply the proceeds thereof to repayment of the Loan, notwithstanding the fact that such liquidation may give rise to penalties for early withdrawal of funds; (iv) to release persons liable on the Collateral or the Proceeds and to ask, demand, collect, sue for, recover, compromise, give receipts and acquittances and receipts for monies due or to become due under any of the Collateral and to compromise disputes in connection therewith; (v) to release security; (vi) to resort to security in any order; (vii) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment, applications for registration or like papers to perfect, preserve or release Lender's interest in Collateral; (viii) to take cash, instruments for the payment of money and other property to which Lender is entitled; (ix) to verify facts concerning Collateral, by inquiry of obligors thereon, or otherwise, in Lender's own name or a fictitious name; (x) to endorse, collect, deliver and receive payment under instruments for the payment of money or any other agreements or other general intangibles that are part of the Collateral; (xi) to prepare, adjust, execute, deliver and receive payment under insurance claims, and to collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and to apply such amounts received by Lender, at Lender's sole option, toward repayment of the Loan; (xii) to exercise all rights, powers and remedies which Borrower or General Partner would have, but for this Assignment, under all Collateral subject to this Assignment; (xiii) to do all acts and things and execute all documents in the name of Borrower or General Partner or otherwise, deemed by Lender as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder; (xiv) to file any claims or take any action or institute any proceedings that Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Lender with respect to any of the Collateral; and (xv) on behalf of General Partner and/or Borrower, to give notices to General Partner and/or Investor Limited Partner to make additional capital contributions pursuant to the terms of the Partnership Agreement, to enforce any or all obligations of General Partner and/or Investor Limited Partner under the Partnership Agreement and to exercise all rights and remedies of General Partner and/or Borrower under the Partnership Agreement.

(b) Notwithstanding the foregoing, Lender shall have no duty, and shall not be liable for any failure, to realize upon the Collateral or for any failure to take any action

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

Page 4

whatsoever with regard to the Collateral. Subject to the proviso at the end of Section 6(a), Borrower and General Partner hereby ratify, to the extent permitted by law, all that said attorney shall lawfully do or cause to be done by virtue of the powers of attorney granted in this Assignment.

7. <u>Payment of Premiums, Taxes, Charges, Liens and Assessments</u>. Borrower agrees to pay, prior to delinquency, all insurance premiums, taxes, charges, liens and assessments, if any, against the Collateral and upon the failure of Borrower to do so, Lender at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Any such payments made by Lender shall be obligations of Borrower to Lender, due and payable immediately without demand, together with interest at the highest rate set forth in the Note, and shall be secured by the Collateral, subject to all terms and conditions of this Assignment.

# 8. Events of Default.

(a) The occurrence of any of the following shall constitute a "Default" under this Assignment: (i) any Event of Default under any of the Loan Documents, as defined therein or (ii) Borrower or General Partner shall fail to observe or perform any material obligation or agreement contained herein.

(b) Any representation or warranty made by Borrower or General Partner herein shall prove to be incorrect in any material respect when made.

9. Remedies. Upon the occurrence of any Event of Default, Lender shall have the right to declare immediately due and payable all or any indebtedness secured hereby and to terminate any commitment to approve further disbursements of the Loan or otherwise extend credit to Borrower. Lender shall have all other rights, privileges, powers and remedies granted to a secured party upon default under the Texas Uniform Commercial Code or otherwise provided by law, including, without limitation, the right to communicate with all persons obligated to Borrower on Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Lender. All rights, privileges, powers and remedies of Lender shall be cumulative. No delay, failure or discontinuance of Lender in exercising any right, privilege, power or remedy under this Assignment shall affect or operate as a waiver of such right, privilege, power or remedy; nor shall any single or partial exercise of any such right, privilege, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, privilege, power or remedy. While an Event of Default exists, at Lender's request, Borrower will assemble and deliver all Collateral, and books and records pertaining thereto and to the Tax Credits, to Lender at a reasonably convenient place designated by Lender; and all rights of General Partner to exercise the voting, partnership and other rights under the Partnership Agreement shall cease and all such rights shall become vested in Lender or its nominee.

10. <u>Sales of Collateral</u>. Borrower and General Partner each agree that public or private sales of the Collateral or Proceeds or the Tax Credits, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Assignment, or public auction, are all commercially reasonable since differences in the sales prices generally realized in the

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

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different kinds of sales are ordinarily offset by the differences in the costs and credit risks of such sales. It is further agreed that in any sale of the Collateral, the Proceeds or the Tax Credits (where such Collateral, Proceeds, or Tax Credits may be deemed to constitute a security), Lender is hereby authorized to comply with any limitation or restriction in connection with such sales as it may be advised by counsel is necessary in order to comply with any federal or state securities law or to obtain any required approval of the purchase by any governmental regulatory authority or officer, including but not limited to restrictions on the number of prospective purchasers or the qualification of the purchasers as accredited investors, or a requirement that a purchaser be a tax exempt organization under Internal Revenue Code Section 501(c)(3), and that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Lender be liable or accountable to Borrower or General Partner for any discount resulting from the fact that such Collateral, Proceeds or Tax Credits are sold in compliance with any such limitation or restriction.

11. <u>Disposition of Collateral</u>. Upon the transfer of all or any part of the Secured Obligations, Lender may transfer all or part of the Collateral and Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all the rights of Lender hereunder with respect to any of the foregoing so transferred; but with respect to any Collateral or Proceeds not so transferred, Lender shall retain all rights, powers, privileges and remedies herein given.

12. <u>Costs, Expenses and Attorney's Fees</u>. Borrower and General Partner shall pay to Lender immediately upon demand, the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees incurred by Lender in exercising any right, power, privilege or remedy conferred by this Assignment or in the enforcement thereof, including any of the foregoing incurred in connection with any bankruptcy proceeding relating to Borrower, General Partner or Investor Limited Partner or the valuation of the Collateral and/or the Proceeds.

13. <u>Limitations on Lender's Duties</u>. Lender's sole duty with respect to the custody, safekeeping and preservation of the Collateral in its possession, if any, under the Texas Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as Lender deals with similar securities and property for its own account.

14. <u>Additional and Independent Obligation</u>. This Assignment is independent of the obligations of Borrower under the Note and the other Loan Documents.

15. <u>Notices</u>. All notices or demands of any kind to be delivered under the terms of this Assignment shall be served by personal service, recognized overnight delivery service or by mailing a copy thereof by first class mail, postage prepaid, addressed as set forth below. Service by mail shall be determined to be complete at the expiration of the fifth business day after the date of mailing. Addresses for notice may be changed pursuant to notice given in accordance with this clause.

Borrower:

Savannah at Lakeview, LP Attn: Jeff Winget 16812 Dallas Parkway Dallas, Texas 75248

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

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With a copy to:	Chapman and Cutler LLP Attn:
	595 Market Street San Francisco, California 94105
General Partner:	Savannah at Lakeview GP, LLC Attn: Jeff Winget 16812 Dallas Parkway Dallas, Texas 75248
With a copy to:	Chapman and Cutler LLP Attn: 595 Market Street San Francisco, California 94105
Investor Limited Partner:	Attn:
Lender:	International Bank of Commerce Attn: Lee Reed 1600 Ruben Torres Blvd. Brownsville, Texas 78526
With a copy to:	Martin & Drought, P.C. Attn: M. C. Cottingham Miles 112 East Pecan Street, Suite 1616

Borrower and General Partner each respectively warrant that the state of registration of each is as set forth above.

San Antonio, Texas 78205

16. <u>Governing Law</u>; <u>Arbitration, Successors, Assigns</u>. This Assignment shall be governed by and construed in accordance with the laws of the State of Texas; provided that if Lender has greater rights and/or remedies under federal law then such greater rights and/or remedies shall be available to Lender. This Assignment shall inure to the benefit of and be binding upon the parties and their respective heirs, successors, personal representatives and assigns. IT IS AGREED THAT THIS ASSIGNMENT IS SUBJECT TO ARBITRATION UPON THE SAME TERMS AND CONDITIONS AS SET FORTH IN THE NOTE, AND THE PROVISIONS OF THE NOTE RELATING TO ARBITRATION ARE HEREBY INCORPORATED HEREIN BY REFERENCE.

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

17. <u>Severability of Provisions</u>. If any provision of this Assignment shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision. The parties acknowledge that this Assignment is intended to comply with the Tax Credit Requirements. To the extent any provision of this Assignment is in violation of, or in conflict with the Tax Credit Requirements, such provision shall be void and amended to the minimum extent necessary so as to be consistent with and not in violation of the Tax Credit Requirements.

[Signature pages follow]

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

Borrower and General Partner have executed this Assignment on the day and year first above written to be effective on the date of recordation of the Security Instrument.

# **BORROWER:**

Savannah at Lakeview, LP, a Texas limited partnership

By: Savannah at Lakeview GP, LLC, a Texas limited liability company, its General Partner

By: \_\_\_\_

Jeff Winget, President

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

BORROWER SIGNATURE PAGE

# **GENERAL PARTNER:**

Savannah at Lakeview GP, LLC, a Texas limited liability company

By: \_\_\_

Jeff Winget, President

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

IBC- SAVANNAH AT LAKEVIEW LP 2024

GENERAL PARTNER SIGNATURE PAGE

# EXHIBIT A

# **LEGAL DESCRIPTION**

COLLATERAL ASSIGNMENT OF RIGHTS TO TAX CREDITS

IBC- SAVANNAH AT LAKEVIEW LP 2024

EXHIBIT A

# **CERTIFICATE OF CORPORATE RESOLUTION**

I, Melissa Renee Fisher, hereby certify that I am now, and at all times mentioned herein have been, the duly elected, qualified and acting President and Sole Director of RISE RESIDENTIAL CONSTRUCTION GP, INC., a Texas corporation, (the "Corporation"), in its capacity as General Partner of RISE RESIDENTIAL CONSTRUCTION, LP, and as such officer and director, I have access to the records of the Corporation, which records of the Corporation reflect that:

1. <u>Resolutions</u>. Attached hereto as Schedule I and incorporated herein by reference is a true and correct copy of certain resolutions which have been duly adopted by the Board of Directors of the Corporation in its capacity as General Partner of RISE RESIDENTIAL CONSTRUCTION, LP, and in compliance with and not in contravention of the Articles of Incorporation and Bylaws of the Corporation; none of such resolutions have been repealed or modified in any respect, and all of such resolutions are in full force and effect on the date hereof.

2. <u>Incumbency</u>. The following named individuals are duly elected, qualified and acting directors and officers of the Corporation holding the offices of the Corporation set forth opposite their respective names as of the date hereof, and the signatures set opposite the respective names and titles of said officers are their true, authentic signatures.

Name	<u>Title</u>	Specimen Signature
Melissa Renee Fisher	President, Sole Director	
Dewey Gordon Stevens, Jr.	Vice President	

3. <u>Good Standing</u>. The Corporation is duly organized and existing under the laws of the State of Texas. All franchise and other taxes required to maintain its corporate existence have been paid when due and no proceedings are pending for dissolution of the Corporation, on a voluntarily or involuntarily basis.

4. <u>Articles and Bylaws</u>. Attached hereto as Schedules II and III are true and correct copies of the Corporation's Articles of Incorporation and Bylaws, including all amendments thereto.

IN WITNESS WHEREOF, I have duly executed this Certificate the \_\_\_\_\_ day of February 2024.

Melissa Renee Fisher Sole Director and President

### **CERTIFICATE OF CORPORATE RESOLUTION**

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# **SCHEDULE I**

RESOLVED, that this Corporation is authorized, in its capacity as General Partner of RISE RESIDENTIAL CONSTRUCTION, LP, a Texas limited partnership (the "Partnership") to guarantee, on behalf of the Partnership, a loan made to SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership (the "Borrower") from the INTERNATIONAL BANK OF COMMERCE (the "Bank") in the original principal amount of \$3,500,000.00 (the "Loan") and any and all other indebtedness of Borrower to the Bank by such documentation as required by Bank;

RESOLVED, FURTHER, that this Corporation, in its capacity as General Partner of the Partnership, agrees to pledge all of its right, title and interest in and to certain litigation proceeds arising under that certain case styled (i) Savannah at Lakeview, LP and Rise Residential Construction, LP v. certain Underwriters at Lloyd's London Subscribing to Certificate No. AMR-61796, et.al., Cause No. DC-22-17007 in the 134<sup>th</sup> Judicial District of Dallas County, Texas, filed December 9, 2022, and (ii) Savannah Lakeview, LP; and Rise Residential Construction, LP v. Oncor Electric Delivery Company LLC, et.al.; Cause No. DC-22-16947, in the 68<sup>th</sup> Judicial District of Dallas County, Texas, also filed December 9, 2022 by such documentation as required by Bank, along with other collateral, as the Partnership is materially benefitted by the consummation of the Loan to the Borrower; and

RESOLVED, FURTHER, that Melissa Renee Fisher, the Sole Director and President of this Corporation, be and she hereby is authorized and directed for and on behalf of this Corporation, in its capacity as General Partner of the Partnership, to execute and deliver to the Bank the Guaranty Agreement, an Assignment of Litigation Proceeds and all other loan documents required by Bank, and to take such other action in the consummation of the transactions described above as she shall deem to be necessary or desirable, and any and all acts heretofore or hereafter taken by her and any other officer of this Corporation, in its capacity as General Partner of the Partnership, in connection with the transactions described above are hereby expressly ratified and confirmed as the acts and deeds of the Partnership.

Melissa Renee Fisher, Sole Director and President

# **<u>CERTIFICATE OF CORPORATE RESOLUTION</u>**

# <u>SCHEDULE II</u> Articles of Incorporation

# **CERTIFICATE OF CORPORATE RESOLUTION**

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# <u>SCHEDULE III</u> ByLaws

x

# CERTIFICATE OF CORPORATE RESOLUTION

# ERRORS AND OMISSIONS/COMPLIANCE AGREEMENT



Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	2//2024	4//2025	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Dear BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Please evidence your consent and agreement to the following by your execution of this agreement in the space provided below.

In the event any of the documents evidencing and/or securing the below referenced loans (collectively, the "Loans," whether one or more) misstate or inaccurately reflect the true and correct terms and provisions of the Loans and the misstatement or inaccuracy is due to unilateral mistake on the part of the LENDER, mutual mistake on the part of the LENDER and/or any BORROWER or DEBTOR/GUARANTOR/GRANTOR/PLEDGOR, as applicable, or clerical error, then in any such event, each BORROWER or DEBTOR/GUARANTOR/GRANTOR/PLEDGOR, as applicable, shall upon request by LENDER execute corrected original documents as LENDER may deem necessary. The failure of any BORROWER, DEBTOR, GUARANTOR, PLEDGOR and/or GRANTOR, as applicable, to execute any such documents as requested shall constitute a default under the Note and the other documents in connection with or securing the Loans. In the event of such failure or refusal to execute corrected original documents, the pertinent BORROWER, DEBTOR, GRANTOR, GUARANTOR or PLEDGOR will be liable for International Bank of Commerce's attorney's fees in enforcing this agreement.

Described as follows:

Promissory Note/Real Estate Lien Note (the "Note") in the original principal amount of \$3,500,000.00, dated February \_\_\_, 2024 payable to International Bank of Commerce, executed by Borrower.

#### ACCEPTED, AGREED AND APPROVED

#### BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

By:\_\_\_\_

Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

Rise Residential Construction, LP A Texas Limited Partnership

> By: Rise Residential Construction GP, Inc. A Texas Corporation Title: General Partner

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248 Rise Residential Development, LLC A Texas Limited Liability Company

By:\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Parkway Dallas, Texas 75248

Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway Dallas, Texas 75248

Savannah at Lakeview GP, LLC A Texas Limited Liability Company

By:

Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

#### SECURED PARTY:

### International Bank of Commerce

By: \_\_\_\_ Name: Lee Reed Title: President

# ERRORS AND OMISSIONS/COMPLIANCE AGREEMENT



International Bank of Commerce

Principal	Loan Date	Maturity	Loan Number	06	
\$3,500,000.00	2/ /2024	4/ /2025		Officer	Initial
		4/_/2025	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Dear BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Please evidence your consent and agreement to the following by your execution of this agreement in the space provided below.

In the event any of the documents evidencing and/or securing the below referenced loans (collectively, the "Loans," whether one or more) misstate or inaccurately reflect the true and correct terms and provisions of the Loans and the misstatement or inaccuracy is due to unilateral mistake on the part of the LENDER, mutual mistake on the part of the LENDER and/or any BORROWER or DEBTOR/GUARANTOR/GRANTOR/PLEDGOR, as applicable, or clerical error, then in any such event, each BORROWER or DEBTOR/GUARANTOR/GRANTOR/GRANTOR/PLEDGOR, as applicable, shall upon request by LENDER execute corrected original documents as LENDER may deem necessary. The failure of any BORROWER, DEBTOR, GUARANTOR, PLEDGOR and/or GRANTOR, as applicable, to execute any such documents as requested shall constitute a default under the Note and the other documents in connection with or securing the Loans. In the event of such failure or refusal to execute corrected original documents, the pertinent BORROWER, DEBTOR, GRANTOR, GUARANTOR, Or PLEDGOR will be liable for International Bank of Commerce's attorney's fees in enforcing this agreement.

Described as follows:

Promissory Note/Real Estate Lien Note (the "Note") in the original principal amount of \$3,500,000.00, dated February \_\_\_, 2024 payable to International Bank of Commerce, executed by Borrower.

### ACCEPTED, AGREED AND APPROVED

# BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

By:\_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

Rise Residential Construction, LP A Texas Limited Partnership

> By: Rise Residential Construction GP, Inc. A Texas Corporation Title: General Partner

By:\_\_\_\_\_ Name: Melissa Renee Fisher

Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248 Rise Residential Development, LLC A Texas Limited Liability Company

By:\_\_\_\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Parkway Dallas, Texas 75248

Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway Dallas, Texas 75248

Savannah at Lakeview GP, LLC A Texas Limited Liability Company

By: \_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

### SECURED PARTY:

# International Bank of Commerce

By:

Name: Lee Reed Title: President

# FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

February \_\_\_\_\_, 2024

This First Amendment to Construction Loan Agreement (this "Amendment") is made and

entered into by and among the following:

INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender"), whose mailing address is 1600 Ruben Torres Blvd., Brownsville, Texas 78526;

SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership fka TX Lakeview Seniors, LP (the "Borrower"), whose mailing address is 16812 Dallas Parkway, Dallas, Texas 75248; and

MELISSA RENEE FISHER, individually;

RISE RESIDENTIAL CONSTRUCTION, LP a Texas limited partnership ("Rise"); and

RISE RESIDENTIAL DEVELOPMENT, LLC, a Texas limited liability company ("Rise Development")

(collectively, the "Guarantors"),

The collective mailing address of the Guarantors is 16812 Dallas Parkway, Dallas, Texas 75248.

Borrower and Guarantors are collectively referred to herein as the "Obligor."

REFERENCE IS HEREBY MADE FOR ALL PURPOSES TO THE FOLLOWING:

1. Loan dated April 28, 2023, in the original principal amount of THREE MILLION, FOUR HUNDRED FORTY-SIX THOUSAND, FOUR HUNDRED NINETY-ONE AND NO/100 DOLLARS (3,446,491.00) (the "Loan – 2023") evidenced by that certain Real Estate Lien Note dated as of the Loan – 2023, executed by Borrower and made payable to the order of Lender, in the amount of the Loan – 2023 (the "Note – 2023"), secured by certain collateral as discussed more particularly in any and all documents executed in connection with and/or securing the Note – 2023 (collectively, the "Loan Instruments – 2023"); and

2. Loan dated of even date herewith, in the original principal amount of THREE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS \$3,500,000.00 (the "Loan – 2024") evidenced by that certain Promissory Note dated as of the Loan – 2024, executed by Borrower and made payable to the order of Lender, in the amount of the Loan – 2024 (the "Note – 2024"), secured by certain collateral as discussed more particularly in any and all documents executed in connection with and/or securing the Note – 2024 (collectively, the "Loan Instruments – 2024").

FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

Page 1

# RECITALS

A. In connection with the Loan -2023, Lender and Obligor entered into that certain Loan Agreement dated April 28, 2023 (the "Loan Agreement"), which contained certain terms and conditions, including provisions for advancements of the proceeds of the Loan -2023.

B. Contemporaneously with the execution of this Amendment, Lender has loaned additional money to Borrower in connection with the Loan -2024.

C. So that the Loan -2023 and the Loan -2024 are both governed by the Loan Agreement, Lender and Obligor have entered into this Amendment to amend the Loan Agreement as set forth and discussed below.

### AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual terms, covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Obligor hereby agree as follows:

1. <u>Amendments to the Loan Agreement</u>.

A. The first paragraph on Page 1 is amended by deleting this paragraph in its entirety and inserting the following paragraph in its place:

THIS CONSTRUCTION LOAN AGREEMENT (this "Loan Agreement"), dated April 28, 2023, is made by and among the following:

INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender"), whose mailing address is 1600 Ruben Torres Blvd., Brownsville, Texas 78526;

SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership fka TX Lakeview Seniors, LP (the "Borrower"), whose mailing address is 16812 Dallas Parkway, Dallas, Texas 75248; and

MELISSA RENEE FISHER, individually;

RISE RESIDENTIAL CONSTRUCTION, LP a Texas limited partnership ("Rise"); and

RISE RESIDENTIAL DEVELOPMENT, LLC, a Texas limited liability company ("Rise Development")

(collectively, the "Guarantors"),

### FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

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with respect to a construction loan dated April 28, 2023 in the principal sum of THREE MILLION, FOUR HUNDRED FORTY-SIX THOUSAND, FOUR HUNDRED NINETY-ONE AND NO/100 DOLLARS (<u>\$3,446,491.00</u>) and a loan dated February \_\_\_\_\_, 2024 in the principal sum of THREE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (<u>\$3,500,000.00</u>).

B. Section 1.15 is amended by deleting "October 31, 2023" and inserting "December 31, 2024" in its place.

C. Section 1.24 is amended by adding the following Section 1.24(v) and Section 1.24(w) thereto:

(v) A default or breach of any of the Loan Instruments -2023.

(w) A default or breach of any of the Loan Instruments -2024.

D. Section 1.49 is amended by deleting this section and inserting the following Section 1.49 in its place:

1.49 Loan.

The term "Loan" shall collectively mean (i) the Loan -2023, and (ii) the Loan -2024, both loans not to exceed, in the aggregate, the payment of the costs of labor, materials, and services supplied for the construction on the Improvements and all other expenses incidental to the construction of the Improvements on the Property, all as specified in the Approved Budget, for such other funding as approved by Lender in its sole discretion.

The following definitions are hereby added after the definition of Loan:

1.49(a) Loan - 2023.

The term "Loan -2023" shall mean the loan by Lender to Borrower in the amount of \$3,446,491.00 dated April 28, 2023.

1.49(b)Loan - 2024.

The term "Loan – 2024" shall mean the loan by Lender to Borrower in the amount of \$3,500,000.00 dated of even date herewith...

### FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

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E. Section 1.51 is amended by deleting this section and inserting the following Section 1.50 in its place:

## 1.51 Loan Instruments.

The term "Loan Instruments" shall collectively mean the Loan Instruments -2023 and the Loan Instruments -2024.

The following definitions are hereby added after the definition of Loan Instruments:

### 1.51(a) Loan Instruments – 2023.

The term "Loan Instruments – 2023" shall mean this Loan Agreement, as amended by this Amendment, the Deed of Trust, the Note, the Security Agreement, the Collateral Assignments, the Collateral Assignment of Leases, the Guaranty Agreement, the Financing Statements, the IBC Account Assignment, the Litigation Assignments, and such other instruments evidencing, securing, or pertaining to the Loan – 2023 as shall, from time to time, be executed and delivered by Borrower, or any other party to Lender pursuant to this Loan Agreement, including, without limitation, each Application for Advance, the Approved Budget, the Contractor's Consent, the Subcontractor's Consent, and the Architect's Consent.

# 1.51(b)Loan Instruments – 2024.

The term "Loan -2024" shall mean the Loan Agreement, as amended by this Amendment, the Note -2024, the Security Agreement, the Tax Credit Assignment, the Guaranty Agreement, the Financing Statements, the Litigation Assignments, and such other instruments evidencing, securing, or pertaining to the Loan -2024 as shall, from time to time, be executed and delivered by Borrower, or any other party to Lender pursuant to this Loan Agreement, including, without limitation, each Application for Advance, and the Approved Budget.

F. Section 1.52 is amended by deleting this paragraph and inserting the following paragraph in its place:

# 1.52 <u>Note</u>

The term "Note" shall collectively mean the (i) Note -2023, and (ii) Note -2024.

# FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

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G. The following definitions are hereby added after the definition of Note:

1.52(a) <u>Note - 2023</u>

The term "Note – 2023" shall mean that certain the Real Estate Lien Note in the original principal sum of \$3,446,491.00, executed by Borrower and payable to the order of Lender of even date herewith evidencing the Loan - 2023.

### 1.52(b)Note - 2024

The term "Note – 2024" shall mean that certain the Promissory Note in the original principal sum of \$3,500,000.00, executed by Borrower and payable to the order of Lender of even date herewith evidencing the Loan – 2024.

H. Article I is hereby amended by adding Section 1.72 and Section 1.73 thereto which shall provide as follows:

1.72 Tax Credits.

The term "Tax Credits" shall mean those certain low income housing tax credits allocated to Borrower pursuant to Internal Revenue Code Section 42 by the Texas Department of Housing and Community Affairs for the Project.

# 1.73 Tax Credits Assignment.

The term "Tax Credits Assignment" shall mean that certain Collateral Assignment of Rights to Tax Credits, Capital Contributions, Operating Reserve and Partnership Interests of even date with the Loan – 2024 whereby Borrower and the general partner of Borrower, Savannah at Lakeview GP, LLC, have pledged all of their right, title and interest in the Tax Credits to secure the Note – 2024, among other collateral as described therein.

I. Section 7.15 is amended by deleting second sentence of the second paragraph therefrom and inserting the following sentence in its place::

Notwithstanding the foregoing, with respect to the Insurance Lawsuit only, so long as such settlement of the Insurance Lawsuit results in no less than Six Million, Five Hundred Thousand and No/100 Dollars (\$6,500,000.00) in net proceeds to Borrower with written evidence of same satisfactory to

# FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

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Lender in its sole discretion evidencing such monetary settlement and net proceeds in excess of \$6,500,000.00 to Borrower, Borrower may settle and/or resolve solely the Insurance Lawsuit without the consent of Lender, and after such settlement occurs, Borrower will provide Lender with written notice thereof.

J. Article 9 is amended by adding Section 9.23 and Section 9.24 thereto:

# 9.23 Cross Default and Cross Collateralization.

A default of the Note - 2024 and/or the other Loan Instruments -2024 shall constitute a default of the Note - 2023 and the other Loan Instruments – 2023 and the Prior Loans and the Prior Loan Documents. Likewise, a default of the Note - 2023 and/or any of the other Loan Instruments - 2023 shall constitute a default of the Note - 2024 and the other Loan Instruments - 2024 and the Prior Loans and the Prior Loan Documents. A default of the Prior Loan and/or the Prior Loan Documents shall constitute a default of the Note – 2024 and the other Loan Instruments - 2024 and the Note - 2023 and the other Loan Instruments - 2023. Furthermore, Obligor covenants and agrees that it is contemplated that the Prior Loan Documents and the Loan Instruments are all incorporated with cross collateralization provisions by their other and future indebtedness provisions, such that the other and future indebtedness provisions contained in the Prior Loan Documents and the Loan Instruments have the effect that the repayment of the Loan and the Prior Loans shall be secured by all of the Prior Loan Documents and the Loan Instruments.

# 9.24 Payoff of Loan - 2024 before Loan - 2023.

Borrower covenants and agrees that any and all proceeds from settlement of the Litigation shall be used first to pay down the Loan - 2024 until the Note -2024 is paid in full before any proceeds from the settlement of the Litigation shall be used to pay off the Loan - 2023.

2. <u>Ratification</u>. Except as so modified and amended hereby, the Loan Agreement is otherwise unchanged and the parties hereby RATIFY and AFFIRM the same.

3. <u>Multiple Counterparts</u>. This Amendment may be executed in multiple counterparts, all of which, when put together, will constitute one and the same Amendment.

[Signature pages follow]

# FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

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# **BORROWER**:

Savannah at Lakeview, LP, a Texas limited partnership

By: Savannah at Lakeview GP, LLC, a Texas limited liability company, its General Partner

By: \_

Jeff Winget, President

FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

BORROWER SIGNATURE PAGE

# **GUARANTORS**:

Melissa Renee Fisher

Rise Residential Construction, LP, a Texas limited partnership

By: Rise Residential Construction GP, Inc. a Texas corporation its General Partner

By: \_\_\_\_

Melissa Renee Fisher, Manager

Rise Residential Development, LLC, a Texas limited liability company

By: \_\_\_\_

Melissa Renee Fisher, Manager

FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

GUARANTORS SIGNATURE PAGE

# LENDER:

International Bank of Commerce, a Texas state banking corporation

By: \_\_\_\_\_\_Lee Reed, President

FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

LENDER SIGNATURE PAGE
# **GUARANTY AGREEMENT**



International Bank of Commerce

Date	Officer	Initial
2/ /2024	Lee Reed	

## Guarantor(s): Melissa Renee Fisher

### Lender: International Bank of Commerce

This Guaranty Agreement (referred to herein as the "Guaranty" or the "Agreement") is made by the undersigned (referred to herein as "Guarantor" or "Guarantors", whether one or more) for the benefit of International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 ("Lender"). This Guaranty relates to the indebtedness and other obligations described below of Savannah at Lakeview, LP ("Borrower"), whether one or more).

1. <u>Guarantee</u>. Guarantees, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby, jointly and severally, unconditionally guarantee and promise to pay to Lender, its successors and assigns, in currency which is legal tender in the United States of America,

(a) the full, punctual and prompt payment of the Guaranteed Indebtedness (defined below), together with interest thereon from the date such indebtedness is due until paid at the rate of interest specified in the promissory note(s) and/or other instruments or documents that evidence such indebtedness, and

(b) the performance and discharge of the obligations of Borrower specified and under any and all promissory notes, deeds of trust, security agreements, letters of credit, and all other documents and instruments (the "Security Instruments") executed by Borrower and/or other parties in connection with the Guaranteed Indebtedness. This Guaranty is an absolute and continuing unconditional guaranty of payment and not of collectability.

2. <u>Guaranteed Indebtedness</u>. The term "Guaranteed Indebtedness" shall mean all liabilities and obligations of Borrower (or any of them if more than one) to Lender, whether immediate or remote, now existing or hereafter created or arising, due or to become due, direct or indirect, absolute or contingent, and whether joint, several, or joint and several, as to outstanding unpaid principal, all accrued and unpaid interest, all accrued and unpaid late charges, attorney's fees, collection costs and all other sums owing by Borrower (or any of them if more than one) to Lender, including but not limited to:

- (a) any and all commercial loan or indebtedness;
- (b) any and all credit card or other consumer type of loan;
- (c) any and all indebtedness relating to checking or savings accounts (overdrafts, interest, fees, etc.);
- (d) any and all expenses incurred in the protection or maintenance of the Collateral (defined below);
   (e) any and all expenses incurred in the collection of any obligation of the Borrower (or any of them, if more than one) to Lender whether
- (c) any and an expenses include in the concentrol of any congation of the borrow of the performance of the perform
- (g) any and all letters of credit and/of macbledness arising out of, of advanced to pay, fetch of order duration in (g) any and all indebtedness, however evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or
- other items, or by any other manner or form;
  (h) any and all other indebtedness of Borrower (or any of them, if more than one) to any member bank or branch bank of International BaneShares Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising;
- (i) any and all extensions, modifications, substitutions and/or renewals of any and all of such indebtedness;
- (j) any and all costs incurred by Lender to obtain, preserve and enforce this Agreement, collect the Guaranteed Indebtedness, and maintain and preserve any Collateral (defined below), including without limitation, all taxes, assessments, attorneys' fees and legal expenses, and expenses of sale; and/or
- (k) any and all of the foregoing that arises after the filing of a petition in bankruptcy by or against Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code 362 or otherwise.

By execution of this Agreement, Guarantors expressly covenant that Guarantors understand that this Guaranty will guarantee the obligation of all present and future indebtedness of Borrower (and any one of them if more than one) regardless of the fact that said other indebtedness may be of a different class and may have been incurred for a different purpose and may be totally unrelated to the purpose of the loan made or advanced at the time of the execution by Guarantors of this Agreement.

3. Guaranty Terms. This Agreement is subject to the following terms:

(a) Guarantors agree that Lender may renew, modify, rearrange or extend from time to time, the time, manner, place or terms of payment of the Guaranteed Indebtedness or any renewals, modifications, rearrangements, or extensions thereof without notice thereof to Guarantors and Guarantors hereby consent to such action, and/or Lender may supplement, change, amend, substitute, modify or alter the Guaranteed Indebtedness and/or any present and future Security Instruments without in any way changing, releasing or discharging Guarantors from any liability and/or obligation hereunder;

(b) Guarantors agree that notice of acceptance of this Agreement by Lender is not expected or desired and Guarantors waive, to the greatest extent permitted by law (i) notice of acceptance by Lender of this Agreement; (ii) demand for overdue payments, notice of intention to accelerate and notice of actual acceleration, presentment, demand for payment, protest and notice of protest, nonpayment, default or dishonor of the Guaranteed Indebtedness or any renewal, modification, or extension thereof; (iii) any and all rights under Section 34.02(a) of the Texas Business and Commerce Code (the "BCC"), as the same may be amended from time to time (or any similar statute of the Governing State if the Governing State is not Texas) to require Lender to sue or otherwise proceed against Borrower on the Guaranteed Indebtedness; and (iv) the discharge provisions of Section 34.02(b) of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State is not Texas); (v) the provisions of Section 34.03 of the BCC, as the same may be manended from time to time (or any similar statute of the Governing State if the Governing State if the Governing State is not Texas); (v) the against the Guarantee's property first so that pursuant to this waiver, levy can be made against the Guarantors' property prior to or with Borrower's property, and (vi) any and all rights under Sections 51.003, 51.004, and 51.005 of the Texas Property Code (including without limitation the right to raise or assert as an affirmative defense the statute of limitations set out in Section 51.003), as the same may be amended from time to time (or any similar statute of limitations set out in Section 51.003), as the same may be amended from time to time (or any similar statute of the Governing State is not Texas) which require a levy of execution to be made against the principal's property first so that pursuant to this waiver, levy can be made against the Guarantors' property prior to or with Borrower's property.

(c) Lender has the right, but not the obligation, at any time and from time to time, without prejudice to any claim against Guarantors hereunder, and without notice to Guarantors, to: (i) exchange, release or surrender all or any part of the properties, real or personal (the "Collateral") which secure payment of the Guaranteed Indebtedness, (ii) sell all or part of the Collateral in accordance with the terms and provisions of any of the Security Instruments and become the purchaser or owner thereof as permitted by law, (iii) settle or compromise with the Borrower, or any other person primarily or secondarily liable with the Borrower, including any other guarantor of the Guaranteed Indebtedness, in whole or in part, and all renewals

and extensions thereof, but without waiving Lender's rights to any and all deficiencies on said Guaranteed Indebtedness, if any, and (iv) perform or attempt to perform, partially or fully, any or all of the obligations guaranteed hereunder;

(d) No failure, omission or delay on the part of Lender in exercising any rights hereunder or in taking any action to collect or enforce payment of any obligations to which this Guaranty applies or in enforcing observance or performance of any agreement, covenant, term or condition to be performed or observed under the Security Instruments, either against the Borrower or any other person primarily or secondarily liable with the Borrower, shall operate as a waiver of any such right or in any manner prejudice the rights of Lender against Guarantors;

(e) Guarantors waive any right to require Lender to first (i) proceed against the Borrower or endorsers, (ii) proceed against, sell or exhaust any Collateral, or (iii) pursue any other remedy that Lender has or to which it may be entitled, before pursuing any remedy directly against any Guarantor, and Guarantors further waive any and all rights, claims or defenses under 12 Oklahoma Statutes Section 686 (or any similar statute of the Governing State, if the Governing State is not Oklahoma), and all suretyship defenses of any nature whatsoever;

(f) Suit or an arbitration proceeding may be brought against the Guarantors and/or against any other person or entity obligated on the Guaranteed Indebtedness, whether by separate guaranty agreement, or otherwise, jointly and severally, and against any one or more of them, less than all, without impairing the rights of the Lender, its successors or assigns, against the other Guarantors, and the Lender may compromise with any one of the Guarantors for such sum or sums as it may see fit and release such of the Guarantors from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such Guaranteed Indebtedness from others of the Guarantors themselves, however, that such compromise and release shall not impair the rights of the Lender's rights against the Borrower to recover the Guaranteed Indebtedness to include the Lender's right, at its option, to proceed against the Borrower or any Guarantor for a deficiency judgment;

(g) The liability of Guarantors shall not be discharged, impaired or affected in any way by, and shall remain and continue in full force and effect notwithstanding (i) the non-liability of the Borrower for any reason whatsoever for the payment of the Guaranteed Indebtedness, or any part thereof, save and except actual payment of the Guaranteed Indebtedness, (ii) the voluntary or involuntary liquidation, dissolution, reorganization, rearrangement, recomposition or readjustment of Borrower, or any similar proceeding affecting Borrower or any of Borrower's assets, (iii) the sale of all or substantially all of the Collateral for the benefit of creditors, (iv) the total or partial release of the Borrower from the observance of any of the agreements, covenants, terms or conditions contained in the Security Instruments by agreement of Lender and/or by operation of law, or (v) any defenses or rights of set-off or counterclaims which Borrower may have or assert, (vi) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments equation of all or any portion of the Guaranteed Indebtedness, (vi) in any and all defenses (other than the full payment of the Guaranteed Indebtedness, acordance with the terms hereof) that the Guarantors may or might have as to Guaranter's respective undertakings, liabilities and obligations hereunder, each and every such defense being hereby waived by the Guarantors;

(h) Until the Guaranteed Indebtedness has been paid in full to Lender, Guarantors hereby (i) waive and release any right of subrogation Guarantors have or to which Guarantors may be entitled (in and to the benefit of any security which Lender may at any time hold in connection with the Guaranteed Indebtedness); (ii) agree not to accept distributions, payment or satisfaction of any kind from Borrower; and (iii) expressly subordinate their rights to payment of any indebtedness owing from Borrower to Guarantors, whether now existing or arising at any time in the future, to the prior right of Lender to receive or require payment in full of the Guaranteed Indebtedness, including interest accruing on the Guaranteed Indebtedness, after any petition is filed under the United States Bankruptcy Code, and Guarantors agree not to accept any payment or satisfaction of any kind of any indebtedness of the Borrower to Guarantors. If Guaranters should receive any such payment, satisfaction or satisfaction of any kind of any indebtedness of deliver the same to the Lender forthwith in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Guaranteed Indebtedness or performance by Guarantors hereunder, and until so delivered agree to hold the same for the benefit Lender;

(i) Guarantors agree that this Agreement and all obligations hereunder are payable and performable in Cameron County, Texas and that payment hereunder is due in said county at the address of Lender. GUARANTORS AGREE FURTHER THAT THIS AGREEMENT AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES ARISING HEREUNDER SHALL BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS (the "Governing State"), WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS;

(j) Guarantors agree that the Lender may, without demand or notice of any kind, at any time when any amount shall be due and payable hereunder by Guarantors, (except to the extent prohibited by applicable federal or state law) appropriate and apply toward the payment of such amount, and in such order of application as the Lender in its sole discretion may from time to time elect, any property, balances, credits, deposits, accounts or monies of Guarantors now or hereafter, for any purpose, in the possession or control of the Lender or any member bank or branch bank of International BancShares Corporation;

(k) In addition to all liens upon, and rights of set-off against, the monies, securities, or other property of Guarantors given Lender by law, Guarantors hereby grant to Lender a security interest in and a right of set-off against all monies, securities, and other property (except to the extent prohibited by applicable federal or state law) of Guarantors now or hereafter in the possession of or on deposit with Lender or any member bank or branch bank of International Bancshares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest and right of set-off may be exercised without demand upon or notice to Guarantors. No security interest or right of set-off shall be deemed to have been waived by any act or conduct on the part of the Lender, or any failure to exercise such right of set-off or to enforce such security interest, or by any delay in so doing. Every right of set-off and security interest shall continue in full force and effect until such right of set-off or security interest is specifically waived or released by an instrument in writing executed by Lender. The provisions of this subsection are in addition to and not in lieu of any rights of set-off allowed by law;

(I) Guarantors, whether one or more of them, may give to the Lender written notice that those Guarantors signing and giving such notice will not be liable hereunder for any Guaranteed Indebtedness created, incurred or arising after the giving of such notice, BUT THE OBLIGATIONS UNDER THIS GUARANTY OF THOSE GUARANTORS WHO SHALL NOT HAVE SIGNED AND GIVEN SUCH NOTICE SHALL REMAIN AND CONTINUE WITHOUT DIMINUTION WHATSOEVER, AS IF SUCH GUARANTORS HAD BEEN THE ONLY GUARANTORS SIGNING THIS INSTRUMENT, OR OTHER GUARANTORS BY WHOM SUCH NOTICE IS SIGNED AND GIVEN WITH RESPECT TO ANY OF THE GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT OF SUCH NOTICE BY THE LENDER TOGETHER WITH ANY AND ALL INTEREST AND/OR LATE FEES WHICH MAY ACCRUE THEREON, AND ANY AND ALL COSTS OF COLLECTION. THE GUARANTORS SIGNING AND GIVING SAID NOTICE SHALL CONTINUE TO BE LIABLE FOR PAYMENT OF THAT GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT BY LENDER OF SAID NOTICE, TOGETHER WITH ACCRUE INTEREST, LATE FEES AND COSTS OF COLLECTION AS AFORESAID. THE GUARANTEED INDEBTEDNESS MAY BE RENEWED, EXTENDED CONSOLIDATED, REARRANGED AND/GR MODIFIED, FROM TIME TO TIME, AFTER RECEIPT BY LENDER OF SUCH NOTICE, WITH INTEREST AND ON SUCH NOTICE, WITHOUT IMPAIRING OR LIMITING THE OBLIGATION OF GUARANTORS TO REPAY THE GUARANTEED INDEBTEDNESS (WITH INTEREST AS IT ACCRUES AND REMAINS UNPAID). NOTWITHSTANDING THE FOREGOING, NO SUCH NOTICE, SHALL LIMIT OR IMPAIR THE OBLIGATIONS OF ANY GUARANTORS FOR ANY LOSS TO LENDER RESULTING FROM TITEMS IN AS IN GRANT THE OBLIGATIONS OF ANY GUARANTORS FOR ANY LOSS TO LENDER RESULTING FROM TITEMS IN AS IN GARANTEED INDEBTEDNESS WHICH NOTICE. THE NOTICE ABOVE PROVIDED FOR SHALL NOT BE CONSIDERED AS GIVEN OR EFFECTIVE UNTIL ACTUALLY RECEIVED AND ACKNOWLEDGED IN WRITING BY AN OFFICER OF SAID LENDER. In the event of the decan of any Guarantors hereunder, the obligation of the decaesed Guarantor shell ontinue in full force and effect against his/her estate as to all Guaranteed

surviving Guarantors. All Guaranteed Indebtedness, of whatever kind or character, created pursuant to the provisions of any binding loan agreement between Lender and Borrower entered into prior to receipt by Lender of any notice referred to herein, including notice of death of any Guarantor, shall be deemed to be Guaranteed Indebtedness created, incurred or arising prior to receipt of any such notice to Lender even though advances constituting all or a portion of such indebtedness be made subsequent to receipt of such notice by Lender;

(m) In the event the Borrower is a trust, corporation, joint stock association, limited liability company, limited liability partnership, limited partnership, or is hereafter incorporated, and if the Guaranteed Indebtedness at any time hereafter exceeds the amount permitted by law, or said Borrower is not liable because the act of creating the obligation is ultra vires, or the officers or persons creating same acted in excess of their authority, then notwithstanding such events, the individuals executing this Guaranty shall be liable personally hereunder, notwithstanding that said trust, corporation, joint stock association, limited liability company, limited liability partnership, limited partnership, or general partnership is not liable under this Guaranty (or for the payment of any portion of the Guaranteed Indebtedness), to the same extent as such individuals would have been if the Guaranteed Indebtedness), to the same extent as such individuals would have been if the Guaranteed Indebtedness.

(n) In the event any legal action or arbitration proceeding is commenced in connection with the enforcement of or any declaration of rights under this Guaranty and/or any instrument or written agreement required or delivered under or pursuant to the terms of this Guaranty or the Guaranteed Indebtedness, and/or any controversy or claim, whether sounding in contract, tort or statute, legal or equitable, involving in any way the Guaranteed Indebtedness, or any other proposed or actual loan or extension of credit involving Borrower, the prevailing party shall be entitled to recover reasonable and necessary attorney's fees, paralegal costs (including allocated costs for in-house legal services), expert witness fees and costs, expenses and costs and other disbursements made in connection with any such action or proceeding, in the amount determined by the fact-finder or arbitrator;

(o) Events of Default. The occurrence of any of the following events shall constitute an event of default ("Event of Default") under this Agreement:

# (1) Borrower fails to pay any of the Guaranteed Indebtedness when the same shall become due and payable; or

(2) Borrower or Guarantor (i) fails to perform any of their respective obligations under this Agreement or the Security Instruments, or any event of default or breach occurs under this Agreement, the Security Instruments, or (ii) to the extent allowed by law, and except as to loans for homestead homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Borrower or Guarantor or the revent of default or breach occurs thereunder; or

(3) Any (i) statement, representation or warranty made by Borrower or Guarantor in this Agreement, the Security Instruments or in any other agreement between Lender and Borrower or Guarantor, or (ii) any information contained in the Financial Statements or other document delivered to Lender by or on behalf of Borrower or Guarantor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made: or

(4) Guarantor:

(i) dies or becomes physically or mentally incapacitated; or

(ii) in the case of a Guarantor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or

(iii) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in respect of its creditors generally; or

(iv) becomes insolvent or generally does not pay its debts as such debts become due; or

(v) conceals, removes, or permits to be concealed or removed, any part of Guarantor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Guarantor's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Guarantor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Guarantor for the purpose of enforcing a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

(6) An order (i) for relief as to Guarantor is granted under Title 11 of the United States Code or any similar law, or (ii) declaring Guarantor to be incompetent is entered by any court; or

(7) Guarantor files any pleading seeking, or authorizes or consents to, any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or

(8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of Guarantor for the purposes of collecting a lawful debt; or

(9) Any action or proceeding seeking any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above is commenced without the authority or consent of Guarantor, and is not dismissed within thirty (30) days after its commencement; or

(10) Guarantor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Guarantor, could materially and adversely affect Guarantors financial position, or could affect Guarantor's ability to repay the Guaranteed Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or

(11) Guarantor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Guarantor to repay the Guaranteed Indebtedness or to properly perform Guarantor's obligations under this Agreement or the Security Instruments; or

(12) Any of the events or conditions described in Subsections 3(o)(4) through 3(o)(11) above happen to, by or with respect to Borrower; or (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely

affected, that the Guaranteed Indebtedness is inadequately secured, or that the prospect of payment of any of the Guaranteed Indebtedness or performance of any of Guarantor's obligations under this Agreement or Borrower's obligations under the Security Instruments is impaired, or

(14) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Guarantor with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Guarantor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.

Upon the occurrence of an Event of Default Lender may, at its option, without notice of any kind, declare the Guaranteed Indebtedness to be due and payable immediately, together with the interest accrued thereon under the terms of the Security Instruments and demand payment thereof by Borrower or Guarantors, or any or all of them, and pursue collection and enforcement in accordance with applicable law.

(p) If Guarantor is an entity formed under and/or governed by the Texas Business Organizations Code ("BOC") the following shall apply: (i) Notice to known claimants under BOC Section 11.052(a)(2) [or any similar statute of Guarantor's domiciliary state if Guarantor is not domiciled in the State of Texas] shall not be effective with respect to Lender unless it is delivered by certified mail, return receipt requested and addressed to Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 within thirty (30) days following the occurrence of the event requiring the winding up of Guarantor, and (ii) to the extent allowed by applicable law, Guarantor argees that BOC Section 11.359 [or any similar statute of Guarantor is not domiciled in the State of Texas] shall have no force or effect on the existence or validity of the obligations of Guarantor hercunder and Guarantor hereby waives all rights under said statutory provision.

(q) As used in this subsection, the term "Borrower Release" means an agreement in writing which is contained within and is a part of a written extension, renewal and/or modification of the Guaranteed Indebtedness (or portion thereof) executed by Borrower and Lender after the date hereof, whereby Borrower releases Lender from claims of Borrower then in existence with respect to the Guaranteed Indebtedness. Guarantors hereby

specifically agree that a Borrower Release shall operate to release Lender from claims of Guarantors against Lender to the same extent as if Guarantors had executed and delivered to Lender a written release containing the same terms and conditions as the Borrower Release.

4. <u>Compliance with Usury Laws</u>. It is expressly understood and agreed that under no contingency or event whatsoever shall any amount be paid by Guarantors hereunder, which is or may be determined to be interest, that ever exceeds the maximum amount of interest which may be charged to Guarantors under applicable law. In no event shall the Guarantors, upon demand by the holder hereof for payment of the Guaranteed Indebtedness, upon acceleration of the maturity of any promissory note guaranteed by this Agreement, or otherwise, be obligated to pay interest in excess of the amount permitted by applicable law. If for any reason or circumstance fulfillment of any provisions hereof, at any time performance of such provisions shall be due, shall involve receipt by Lender of interest in any amount which would exceed the highest lawful rate to Guarantors, such amount which would be excessive interest shall be applied to the reduction of the principal of the Guaranteed Indebtedness and not to payment of interest, and any excess remaining after the discharge of the Guaranteed Indebtedness shall be remitted to the Guarantors.

### 5. ARBITRATION.

## BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

GUARANTORS AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) Informal Resolution of Customer Concerns. Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) Sending Notice of Dispute. If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) <u>If the Dispute is not Informally Resolved</u>. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "DISPUTE(S)". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, and all transactions between or involving the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Guarantors, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, hers, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refer to Guarantors, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.

(g) **BINDING ARBITRATION**. The **PARTIES** agree that any **DISPUTE** between the **PARTIES** shall be resolved by

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mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).

- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.
- (i) <u>FEDERAL ARBITRATION ACT AND TEXAS LAW</u>. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

# II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a **CONSUMER DISPUTE** for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

# III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment,

attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The **PARTIES** need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either **PARTY**'s right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The **PARTIES** agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.

- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either **PARTY** (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing **PARTY**. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

# IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
- (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY in such litigation to request arbitration pursuant to these Arbitration Provisions within 180 days after the defending PARTY'S receipt of service of judicial process, shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.
- (d) Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
- (e) Any Arbitrator selected shall be knowledgeable in the subject matter of the **DISPUTE** and be licensed to practice law.
- (f) For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The **PARTIES** and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the **PARTIES** mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration

proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.

(1) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

## JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

6. <u>Waiver of Statutory Provisions</u>. Lender and Guarantors hereby expressly acknowledge and agree that in the event of a default under this Agreement or under any document executed by Borrower or Guarantors in connection with, or to secure the payment of, Guaranteed Indebtedness (a) Lender shall not be required to comply with Article 6132b-3.05(d) of the Texas Revised Partnership Act or Subsection 152.306 of the Texas Business Organizations Code, as applicable, and (b) Lender shall not be required to proceed against or exhaust the assets of any Borrower and/or any Guarantors before pursuing any remedy directly against one or more of the partners of Borrower and/or Guarantor or the property of such partners.

7. Successors and Assigns. This Agreement shall be binding upon Guarantors and the heirs, successors, assigns and legal representatives of the Guarantors, and shall inure to the benefit of the Lender and the successors, assigns and legal representatives of Lender. This Agreement shall inure to the benefit of the transferee, assignee, or holder of the principal debt; however, all Guaranteed Indebtedness owed to the Lender shall first be paid in full before the assignee of any debt guaranteed shall receive any benefit of this Agreement. All references herein to "Lender" shall mean the above-named Lender and any subsequent owner or holder of the Guaranteed Indebtedness or any interest therein.

8. <u>Multiple Guarantees</u>. If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from any Guarantor, Lender's right under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. The liability of any Guarantor will be such Guarantor's aggregate liability under the terms of this Agreement and any such other unterminated guaranties.

9. <u>Guarantors' Authorization To Lender</u>. Guarantors authorize Lender, without notice or demand and without lessening Guarantors' liability under this Guaranty from time to time (a) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Guaranteed Indebtedness; nearly part of the Guaranteed Indebtedness; and any extensions may be repeated and may be longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Guaranteed Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, fail or decide not to perfect, and delay with any one or more of Borrower's sureties, endorsers, or other Guaranteed Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security and direct the order or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Guaranteed Indebtedness; (H) to assign or transfer this Guaranty in whole or in part; (I) to exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (I) to settle or compromise any and/or all of the Guaranteed Indebtedness; and (K) to subordinate the payment of all or any part of any Guaranteed Indebtedness of Borrower to Lender to the payment of any liabilities which may be due Lender or others.

10. GUARANTOR ACKNOWLEDGMENT. EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH HEREIN.

11.Guarantor agrees to provide Lender, at least on an annual basis, a complete Financial Statement, a Profit and Loss/Net Income Statement, copies of U.S. Tax Returns, a Contingent Liability Statement, and any other information that may be reasonably requested by Lender.

12. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, the term "Guaranteed Indebtedness", as used in this Agreement, includes (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in any promissory note guaranteed by this Agreement) that becomes due and payable in accordance with the terms of any such promissory note. The term "Swap Transaction", as used herein, means (i) any transaction evidenced by one or more agreements now existing or hereafter entered into between Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial instrument or interest (including an option with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender or a Lender Affiliate and any party or entity other than Borrower and it is entered into by Lender or such Lender Affiliate or according Swap Transaction that is Agreement of Borrower and it is entered or existence of any default, event of default or other similar condition or event (however described) on the part of Borrower arising under or with respect to any Swap Transaction shall constitute an Event of Default under this Agreement.

13. Transfer Restrictions. Lender has made or may in the future make certain loans and financial accommodations to Borrower as evidenced, in part, by the Security Instruments. Lender would not have entered into such loans evidenced by the Security Instruments without Guarantor executing and delivering this Guaranty to further secure the payment and performance of the Guaranteed Indebtedness. As a material inducement for Lender to enter into the Security Instruments, Lender has relied on the financial condition of Guarantor as represented to Lender by Guarantor pursuant to Financial Statements delivered to Lender by Guarantor. The term "Financial Statements" includes any financial statements heretofore delivered to Lender and all financial statements delivered to Lender in the future. Guarantor represents and warrants to Lender that since the date of the Financial Statements, no material adverse change has occurred in the financial condition of Guarantor. Guarantor further represents and warrants to Lender that the Financial Statements accurately depict the true and correct ownership of all assets set forth therein and that such assets are owned in their entirety by Guarantor in Guarantor's individual capacity, unless conspicuously denoted otherwise on the Financial Statements. Further, the Financial Statements conspicuously denote all assets of Guarantor that are Exempt Property (as hereinafter defined). Exempt Property shall include, without limitation, any asset that pursuant to applicable law is exempt from garnishment, attachment, execution or other seizure by Lender, by way of example and not limitation, to the extent applicable to Guarantor (i) such items of property as set forth in Sections 42.001, 42.002 and 42.003 of the Texas Property Code, College Savings Plans as defined in Section 42.0022 of the Texas Property Code, annuities as the term is used in the Texas Property Code and the Texas Insurance Code, Homestead as defined in Section 41.002 of the Texas Property Code, certain exempt Savings Plans referenced in Section 42.0021 of the Texas Property Code, and burial lots (ii) such items of property, College Savings Plans, Homestead, certain exempt savings plans and burial lots, each as set forth in Section 1 of Title 31 of Oklahoma Statutes, and (iii) such items of property that are exempt from garnishment, attachment, execution or other seizure pursuant to the statutes of another jurisdiction that are similar to the aforedescribed Texas and/or Oklahoma statutes. Unless otherwise conspicuously denoted, Guarantor represents that all assets set forth on the Financial Statements are Non-Exempt Property. The term "Non-Exempt Property" shall mean all assets of Guarantor that are not specifically and conspicuously denoted on the Financial Statements as Exempt Property. Guarantor represents and warrants that during the term of this Guaranty that it will not convert (by transfer, conveyance, assignment or otherwise) any of its assets from Non-Exempt Property to Exempt Property without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Further, without limitation, Guarantor shall not transfer (by assignment, conveyance or otherwise) (i) Non-Exempt Property having a cumulative value in excess of five percent (5%) of the value of all Non-Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), or (ii) Exempt Property having a cumulative value in excess of twenty percent (20%) of the value of all Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), to one or more entities in which Guarantor controls or owns, directly or indirectly, an equity interest (including, without limitation, to one or more so-called family limited partnerships, irrespective if the same is for estate planning purposes or otherwise) without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Any conversion or transfer in violation of the provisions of this <u>Section 13</u> shall, automatically and without notice of any kind from Lender, constitute an Event of Default hereunder and under the Security Instruments, and Guarantor shall, upon Lender's written demand, (without limiting in any way Lender's remedies under this Guaranty or the Security Instruments) immediately take all necessary steps to reverse any such conversion or transfer to the extent required by Lender.

#### 14. Miscellaneous.

- (a) This Agreement, the schedules and exhibits hereto, and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.
- (b) Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.
- (c) No waiver of any right or remedy under this Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.
- (d) No amendment modification or termination of this Agreement shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.
- (e) If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.
- (f) The terms of this Agreement shall be binding upon Guarantors, and their heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and the successors and assigns of Lender.
- (g) Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.
- (h) Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.
- (i) In this Agreement, words in the singular number include the plural, and in the plural include the singular, words of the masculine gender include the feminine and the neuter, and when the context so indicates words of the neuter gender may refer to any gender and the word "or" is disjunctive but not exclusive. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.
- (j) Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received, or two days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed (i) if to Lender, at the address set forth in the first paragraph on page 1 hereof, and (ii) if to a Guarantor, at the address set forth below such Guarantor's signature hereto. Any party may change his address for notices in the manner set forth in this subsection.
- (k) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness) are hereby limited by the provisions of this subsection, which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 Attn: Al Villarreal.

### NO ORAL AGREEMENTS

# THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

# THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Guarantor(s) have duly executed this Agreement to be effective as of the \_\_\_\_\_ day of February, 2024.

### GUARANTOR(S):

Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway Dallas, Texas 75248

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# INDIVIDUAL ACKNOWLEDGMENT

# STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_, by Melissa Renee Fisher

Notary Public, State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Commission No. \_\_\_\_\_

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# **GUARANTY AGREEMENT**



Date	Officer	Initial
2/_/2024	Lee Reed	

### Guarantor(s): Rise Residential Construction, LP

### Lender: International Bank of Commerce

This Guaranty Agreement (referred to herein as the "Guaranty" or the "Agreement") is made by the undersigned (referred to herein as "Guarantor" or "Guarantors", whether one or more) for the benefit of International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 ("Lender"). This Guaranty relates to the indebtedness and other obligations described below of Savannah at Lakeview, LP ("Borrower", whether one or more).

1. <u>Guarantee</u>. Guarantors, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby, jointly and severally, unconditionally guarantee and promise to pay to Lender, its successors and assigns, in currency which is legal tender in the United States of America,

(a) the full, punctual and prompt payment of the Guaranteed Indebtedness (defined below), together with interest thereon from the date such indebtedness is due until paid at the rate of interest specified in the promissory note(s) and/or other instruments or documents that evidence such indebtedness, and

(b) the performance and discharge of the obligations of Borrower specified and under any and all promissory notes, deeds of trust, security agreements, letters of credit, and all other documents and instruments (the "Security Instruments") executed by Borrower and/or other parties in connection with the Guaranteed Indebtedness. This Guaranty is an absolute and continuing unconditional guaranty of payment and not of collectability.

2. <u>Guaranteed Indebtedness</u>. The term "Guaranteed Indebtedness" shall mean all liabilities and obligations of Borrower (or any of them if more than one) to Lender, whether immediate or remote, now existing or hereafter created or arising, due or to become due, direct or indirect, absolute or contingent, and whether joint, several, or joint and several, as to outstanding unpaid principal, all accrued and unpaid interest, all accrued and unpaid late charges, attorney's fees, collection costs and all other sums owing by Borrower (or any of them if more than one) to Lender, including but not limited to:

- (a) any and all commercial loan or indebtedness;
- (b) any and all credit card or other consumer type of loan;
- (c) any and all indebtedness relating to checking or savings accounts (overdrafts, interest, fees, etc.);
   (d) any and all expenses incurred in the protection or maintenance of the Collateral (defined below);
- (a) any and all expenses incurred in the protection of namenated of the Context (context of them), if more than one) to Lender whether arising out of this Guaranty or otherwise;
- (f) any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letter of credit transactions;
- (g) any and all indebtedness, however evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or other items, or by any other manner or form;
- (h) any and all other indebtedness of Borrower (or any of them, if more than one) to any member bank or branch bank of International BaneShares Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising;
- (i) any and all extensions, modifications, substitutions and/or renewals of any and all of such indebtedness;
- (j) any and all costs incurred by Lender to obtain, preserve and enforce this Agreement, collect the Guaranteed Indebtedness, and maintain and preserve any Collateral (defined below), including without limitation, all taxes, assessments, attorneys' fees and legal expenses, and expenses of sale; and/or
- (k) any and all of the foregoing that arises after the filing of a petition in bankruptcy by or against Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code 362 or otherwise.

By execution of this Agreement, Guarantors expressly covenant that Guarantors understand that this Guaranty will guarantee the obligation of all present and future indebtedness of Borrower (and any one of them if more than one) regardless of the fact that said other indebtedness may be of a different class and may have been incurred for a different purpose and may be totally unrelated to the purpose of the loan made or advanced at the time of the execution by Guarantors of this Agreement.

# 3. Guaranty Terms. This Agreement is subject to the following terms:

(a) Guarantors agree that Lender may renew, modify, rearrange or extend from time to time, the time, manner, place or terms of payment of the Guaranteed Indebtedness or any renewals, modifications, rearrangements, or extensions thereof without notice thereof to Guarantors and Guarantors hereby consent to such action, and/or Lender may supplement, change, amend, substitute, modify or alter the Guaranteed Indebtedness and/or any present and future Security Instruments without in any way changing, releasing or discharging Guarantors from any liability and/or obligation hereunder;

(b) Guarantors agree that notice of acceptance of this Agreement by Lender is not expected or desired and Guarantors waive, to the greatest extent permitted by law (i) notice of acceptance by Lender of this Agreement; (ii) demand for overdue payments, notice of intention to accelerate and notice of actual acceleration, presentment, demand for payment, protest and notice of protest, nonpayment, default or dishonor of the Guaranteed Indebtedness or any renewal, modification, or extension thereof; (iii) any and all rights under Section 34.02(a) of the Texas Business and Commerce Code (the "BCC"), as the same may be amended from time to time (or any similar statute of the Governing State if the Governing State is not Texas) to require Lender to sue or otherwise proceed against Borrower on the Guaranteed Indebtedness; and (iv) the discharge provisions of Section 34.02(b) of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State is not Texas); (v) the provisions of Section 34.03 of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State is not Texas); (v) the gravities is not Texas) which require a levy of execution to be made against the principal's property first so that pursuant to this waiver, levy can be made against the Guaranteer's property prior to or with Borrower's property, and (vi) any and all rights under Sections 51.003, 51.004, and 51.005 of the Texas Property Code (including without limitation the right to raise or assert as an affirmative defense the statute of limitations set out in Section 51.003, sa the same may be amended from time to time (or any similar statute of limitations set out in Section 51.003, sa the same may be amended from time to time (or any similar statute of the Governing State is not Texas); (v) the provisions of Section 34.02 of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State is not Texas); against the Guarantors' property prior to or w

(c) Lender has the right, but not the obligation, at any time and from time to time, without prejudice to any claim against Guarantors hereunder, and without notice to Guarantors, to: (i) exchange, release or surrender all or any part of the properties, real or personal (the "Collateral") which secure payment of the Guaranteed Indebtedness, (ii) sell all or part of the Collateral in accordance with the terms and provisions of any of the Security Instruments and become the purchaser or owner thereof as permitted by law, (iii) settle or compromise with the Borrower, or any other person primarily or secondarily liable with the Borrower, including any other guarantor of the Guaranteed Indebtedness, in whole or in part, and all renewals

and extensions thereof, but without waiving Lender's rights to any and all deficiencies on said Guaranteed Indebtedness, if any, and (iv) perform or attempt to perform, partially or fully, any or all of the obligations guaranteed hereunder;

(d) No failure, omission or delay on the part of Lender in exercising any rights hereunder or in taking any action to collect or enforce payment of any obligations to which this Guaranty applies or in enforcing observance or performance of any agreement, covenant, term or condition to be performed or observed under the Security Instruments, either against the Borrower or any other person primarily or secondarily liable with the Borrower, shall operate as a waiver of any such right or in any manner prejudice the rights of Lender against Guarantors;

(c) Guarantors waive any right to require Lender to first (i) proceed against the Borrower or endorsers, (ii) proceed against, sell or exhaust any Collateral, or (iii) pursue any other remedy that Lender has or to which it may be entitled, before pursuing any remedy directly against any Guarantor, and Guarantors further waive any and all rights, claims or defenses under 12 Oklahoma Statutes Section 686 (or any similar statute of the Governing State, if the Governing State is not Oklahoma), and all suretyship defenses of any nature whatsoever;

(f) Suit or an arbitration proceeding may be brought against the Guarantors and/or against any other person or entity obligated on the Guaranteed Indebtedness, whether by separate guaranty agreement, or otherwise, jointly and severally, and against any one or more of them, less than all, without impairing the rights of the Lender, its successors or assigns, against the other Guarantors, and the Lender may compromise with any one of the Guarantors for such sum or sums as it may see fit and release such of the Guarantors from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such Guaranteed Indebtedness from others of the Guarantors not so released, but it is agreed among the Guarantors themselves and will not impair any of the Lender's rights against the Borrower to recover the Guaranteed Indebtedness to include the Lender's right, at its option, to proceed against the Borrower or any Guarantor for a deficiency judgment;

(g) The liability of Guarantors shall not be discharged, impaired or affected in any way by, and shall remain and continue in full force and effect notwithstanding (i) the non-liability of the Borrower for any reason whatsoever for the payment of the Guaranteed Indebtedness or any part thereof, save and except actual payment of the Guaranteed Indebtedness, (ii) the voluntary or involuntary liquidation, dissolution, reorganization, rearrangement, recomposition or readjustment of Borrower, or any similar proceeding affecting Borrower or any of Borrower's assets, (iii) the sale of all or substantially all of the Collateral for the benefit of creditors, (iv) the total or partial release of the Borrower from the observance of any of the agreements, covenants, terms or conditions contained in the Security Instruments by agreement of Lender and/or by operation of law, or (v) any defenses or rights of set-off or counterclaims which Borrower may have or assert, (ii) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments equation of all or any portion of the Guaranteed Indebtedness, or (vii) any and all defenses (other than the full payment of the Guaranteed Indebtedness in accordance with the terms hereof) that the Guarantors may or might have as to Guaranters' respective undertakings, liabilities and obligations hereunder, each and every such defense being hereby waived by the Guarantors;

(h) Until the Guaranteed Indebtedness has been paid in full to Lender, Guarantors hereby (i) waive and release any right of subrogation Guarantors have or to which Guarantors may be entitled (in and to the benefit of any security which Lender may at any time hold in connection with the Guaranteed Indebtedness); (ii) agree not to accept distributions, payment or satisfaction of any kind from Borrower; and (iii) expressly subordinate their rights to payment of any indebtedness owing from Borrower to Guaranteed Indebtedness, including interest accruing on the future, to the prior right of Lender to receive or require payment in full of the Guaranteed Indebtedness, including interest accruing on the Guaranteet Indebtedness, after any petition is filed under the United States Bankruptcy Code, which post-petition interest Guarantors agree shall remain a claim that is prior and superior to any claim of Guarantors notwithstanding any contrary practice, custom or ruling or proceedings under the United States Bankruptcy Code, and Guarantors agree not to accept any payment or satisfaction of any kind of any indebtedness of the Borrower to Guarantors. If Guarantors should receive any such payment, satisfaction or security for any indebtedness of the Borrower to Guarantors agree to deliver the same to the Lender forthwith in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Guaranteed Indebtedness or performance by Guarantors hereunder, and until so delivered agree to hold the same for the benefit Lender;

(i) Guarantors agree that this Agreement and all obligations hereunder are payable and performable in Cameron County, Texas and that payment hereunder is due in said county at the address of Lender. GUARANTORS AGREE FURTHER THAT THIS AGREEMENT AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES ARISING HEREUNDER SHALL BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS (the "Governing State"), WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS;

(j) Guarantors agree that the Lender may, without demand or notice of any kind, at any time when any amount shall be due and payable hereunder by Guarantors, (except to the extent prohibited by applicable federal or state law) appropriate and apply toward the payment of such amount, and in such order of application as the Lender in its sole discretion may from time to time elect, any property, balances, credits, deposits, accounts or monics of Guarantors now or hereafter, for any purpose, in the possession or control of the Lender or any member bank or branch bank of International BancShares Cornoration:

(k) In addition to all liens upon, and rights of set-off against, the monies, securities, or other property of Guarantors given Lender by law, Guarantors hereby grant to Lender a security interest in and a right of set-off against all monies, securities, and other property (except to the extent prohibited by applicable federal or state law) of Guarantors now or hereafter in the possession of or on deposit with Lender or any member bank or branch bank of International Bancshares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest and right of set-off may be exercised without demand upon or notice to Guarantors. No security interest or right of set-off shall be deemed to have been waived by any act or conduct on the part of the Lender, or any failure to exercise such right of set-off or to enforce such security interest, or by any delay in so doing. Every right of set-off and security interest shall continue in full force and effect until such right of set-off or security interest is specifically waived or released by an instrument in writing executed by Lender. The provisions of this subsection are in addition to and not in lieu of any rights of set-off allowed by law;

(1) Guarantors, whether one or more of them, may give to the Lender written notice that those Guarantors signing and giving such notice will not be liable hereunder for any Guaranteed Indebtedness created, incurred or arising after the giving of such notice, BUT THE OBLIGATIONS UNDER THIS GUARANTY OF THOSE GUARANTORS WHO SHALL NOT HAVE SIGNED AND GIVEN SUCH NOTICE SHALL REMAIN AND CONTINUE WITHOUT DIMINUTION WHATSOEVER, AS IF SUCH GUARANTORS HAD BEEN THE ONLY GUARANTORS SIGNING THIS INSTRUMENT, OR OTHER GUARANTORS BY WHOM SUCH NOTICE IS SIGNED AND GIVEN WITH RESPECT TO ANY OF THE GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT OF SUCH NOTICE BY THE LENDER TOGETHER WITH ANY AND ALL INTEREST AND/OR LATE FEES WHICH MAY ACCRUE THEREON, AND ANY AND ALL COSTS OF COLLECTION. THE GUARANTORS SIGNING AND GIVING SAID NOTICE SHALL CONTINUE TO BE LIABLE FOR PAYMENT OF THAT GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT BY LENDER OF SAID NOTICE, TOGETHER WITH ACCRUED INTEREST, LATE FEES AND COSTS OF COLLECTION AS AFORESAID. THE GUARANTEED INDEBTEDNESS MAY BE RENEWED, EXTENDED CONSOLIDATED, REARRANGED AND/OR MODIFIED, FROM TIME TO TIME, AFTER RECEIPT BY LENDER OF SUCH NOTICE, WITHOUT IMPAIRING OR LIMITING THE OBLIGATION OF GUARANTORS TO REPAY THE GUARANTEED INDEBTEDNESS (WITH INTEREST AS IT ACCRUES AND REMAINS UNPAID). NOTWITHSTANDING THE FOREGOING, NO SUCH NOTICE, SHALL LIMIT OR IMPAIR THE OBLIGATIONS OF ANY GUARANTORS FOR ANY LOSS TO LENDER RESULTING FROM TICES SHALL LIMIT OR IMPAIR THE OBLIGATIONS OF ANY GUARANTORS FOR ANY LOSS TO LENDER RESULTING FROM TICES AND AND AS AFORENCY DEVALUATIONS ARISING AFTER RECEIPT OF SUCH NOTICE. THE NOTICE, BADVE PROVIDED FOR SHALL NOT BE CONSIDERED AS GIVEN OR EFFECTIVE UNTIL ACTUALLY RECEIVED AND ACKNOWLEDGED IN WRITING BY AN OFFICER OF SAID LENDER. In the event of the decand of any Guarantors hereunder, the obligation of the decaes duarantor shall continue in full force and effect against his/her estate as to all Guaranteed I

surviving Guarantors. All Guaranteed Indebtedness, of whatever kind or character, created pursuant to the provisions of any binding loan agreement between Lender and Borrower entered into prior to receipt by Lender of any notice referred to herein, including notice of death of any Guarantor, shall be deemed to be Guaranteed Indebtedness created, incurred or arising prior to receipt of any such notice to Lender even though advances constituting all or a portion of such indebtedness be made subsequent to receipt of such notice by Lender;

(m) In the event the Borrower is a trust, corporation, joint stock association, limited liability company, limited liability partnership, limited partnership, or is hereafter incorporated, and if the Guaranteed Indebtedness at any time hereafter exceeds the amount permitted by law, or said Borrower is not liable because the act of creating the obligation is ultra vires, or the officers or persons creating same acted in excess of their authority, then notwithstanding such events, the individuals executing this Guaranty shall be liable personally hereunder, notwithstanding that said trust, corporation, joint stock association, limited liability company, limited liability partnership, limited partnership, or general partnership is not liable under this Guaranty (or for the payment of any portion of the Guaranteed Indebtedness), to the same extent as such individuals would have been if the Guaranteed Indebtedness), to the same extent as such individuals would have been if the Guarantee and the same extent as such individuals would have been if the Guarantee Indebtedness.

(n) In the event any legal action or arbitration proceeding is commenced in connection with the enforcement of or any declaration of rights under this Guaranty and/or any instrument or written agreement required or delivered under or pursuant to the terms of this Guaranty or the Guaranteed Indebtedness, and/or any controversy or claim, whether sounding in contract, tort or statute, legal or equitable, involving in any way the Guaranteed Indebtedness, or any other proposed or actual loan or extension of credit involving Borrower, the prevailing party shall be entitled to recover reasonable and necessary attorney's fees, paralegal costs (including allocated costs for in-house legal services), expert witness fees and costs, expenses and costs and other disbursements made in connection with any such action or proceeding, in the amount determined by the fact-finder or arbitrator;

(o) Events of Default. The occurrence of any of the following events shall constitute an event of default ("Event of Default") under this Agreement:

# (1) Borrower fails to pay any of the Guaranteed Indebtedness when the same shall become due and payable; or

(2) Borrower or Guarantor (i) fails to perform any of their respective obligations under this Agreement or the Security Instruments, or any event of default or breach occurs under this Agreement, the Security Instruments, or (ii) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Borrower or Guarantor, or any other event of default or breach occurs thereunder; or

(3) Any (i) statement, representation or warranty made by Borrower or Guarantor in this Agreement, the Security Instruments or in any other agreement between Lender and Borrower or Guarantor, or (ii) any information contained in the Financial Statements or other document delivered to Lender by or on behalf of Borrower or Guarantor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made: or

(4) Guarantor:

(i) dies or becomes physically or mentally incapacitated; or

(ii) in the case of a Guarantor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or

(iii) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in respect of its creditors generally; or

(iv) becomes insolvent or generally does not pay its debts as such debts become due; or

(v) conceals, removes, or permits to be concealed or removed, any part of Guarantor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Guarantor's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Guarantor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Guarantor for the purpose of enforcing a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

(6) An order (i) for relief as to Guarantor is granted under Title 11 of the United States Code or any similar law, or (ii) declaring Guarantor to be incompetent is entered by any court; or

(7) Guarantor files any pleading seeking, or authorizes or consents to, any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or

(8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of Guarantor for the purposes of collecting a lawful debt; or

(9) Any action or proceeding seeking any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above is commenced without the authority or consent of Guarantor, and is not dismissed within thirty (30) days after its commencement; or

(10) Guarantor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Guarantor, could materially and adversely affect Guarantors financial position, or could affect Guarantor's ability to repay the Guaranteed Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or

(11) Guarantor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Guarantor to repay the Guaranteed Indebtedness or to properly perform Guarantor's obligations under this Agreement or the Security Instruments; or

(12) Any of the events or conditions described in Subsections 3(o)(4) through 3(o)(11) above happen to, by or with respect to Borrower; or (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely

affected, that the Guaranteed Indebtedness is inadequately secured, or that the prospect of payment of any of the Guaranteed Indebtedness or performance of any of Guarantor's obligations under this Agreement or Borrower's obligations under the Security Instruments is impaired, or

(14) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Guarantor with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Guarantor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.

Upon the occurrence of an Event of Default Lender may, at its option, without notice of any kind, declare the Guaranteed Indebtedness to be due and payable immediately, together with the interest accrued thereon under the terms of the Security Instruments and demand payment thereof by Borrower or Guarantors, or any or all of them, and pursue collection and enforcement in accordance with applicable law.

(p) If Guarantor is an entity formed under and/or governed by the Texas Business Organizations Code ("BOC") the following shall apply: (i) Notice to known claimants under BOC Section 11.052(a)(2) [or any similar statute of Guarantor's domiciliary state if Guarantor is not domiciled in the State of Texas] shall not be effective with respect to Lender unless it is delivered by certified mail, return receipt requested and addressed to Dennis E. Nixon, President, at International Baneshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 within thirty (30) days following the occurrence of the event requiring the winding up of Guarantor, and (ii) to the extent allowed by applicable law, Guarantor after that BOC Section 11.359 [or any similar statute of Guarantor's domiciliary state if Guarantor is not domiciled in the State of Texas] shall have no force or effect on the existence or validity of the obligations of Guarantor hereunder and Guarantor hereby waives all rights under said statutory provision.

(q) As used in this subsection, the term "Borrower Release" means an agreement in writing which is contained within and is a part of a written extension, renewal and/or modification of the Guaranteed Indebtedness (or portion thereof) executed by Borrower and Lender after the date hereof, whereby Borrower releases Lender from claims of Borrower then in existence with respect to the Guaranteed Indebtedness. Guarantors hereby

specifically agree that a Borrower Release shall operate to release Lender from claims of Guarantors against Lender to the same extent as if Guarantors had executed and delivered to Lender a written release containing the same terms and conditions as the Borrower Release.

4. <u>Compliance with Usury Laws</u>. It is expressly understood and agreed that under no contingency or event whatsoever shall any amount be paid by Guarantors hereunder, which is or may be determined to be interest, that ever exceeds the maximum amount of interest which may be charged to Guarantors under applicable law. In no event shall the Guarantors, upon demand by the holder hereof for payment of the Guaranteed Indebtedness, upon acceleration of the maturity of any promissory note guaranteed by this Agreement, or otherwise, be obligated to pay interest in excess of the amount permitted by applicable law. If for any reason or circumstance fulfillment of any provisions hereof, at any time performance of such provisions shall be due, shall involve receipt by Lender of interest in any amount which would exceed the highest lawful rate to Guarantors, such amount which would be excessive interest shall be applied to the reduction of the guaranteed Indebtedness and not to payment of interest, and any excess remaining after the discharge of the Guaranteed Indebtedness shall be remitted to the Guarantors.

## 5. ARBITRATION.

## BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

GUARANTORS AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) Sending Notice of Dispute. If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) <u>If the Dispute is not Informally Resolved</u>. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "DISPUTE(S)". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Guarantors, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refer to Guarantors, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.

(g) **BINDING ARBITRATION.** The **PARTIES** agree that any **DISPUTE** between the **PARTIES** shall be resolved by

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mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).

- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.
- (i) FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

### II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$25,0,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a **CONSUMER DISPUTE** for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

# III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$200,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment,

attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The **PARTIES** need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either **PARTY**'s right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The **PARTIES** agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.

- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either **PARTY** (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing **PARTY**. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

# IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any **DISPUTES** relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
- (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY in such litigation to request arbitration pursuant to these Arbitration Provisions within 180 days after the defending PARTY is receipt of service of judicial process, shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted in the litigation deemed a waiver of such PARTY'S right to compel arbitration pursuant to these Arbitration Provisions within ninety (90) days after such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted interim. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.
- (d) Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
- (e) Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.
- (f) For a one (1) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the **PARTIES** exercise all of their respective strikes. For a three (3) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the **PARTIES** exercise all of their respective strikes. After exercising all of their allotted respective strikes, the **PARTIES** shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the **PARTIES** rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each **PARTY**. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The **PARTIES** and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the **PARTIES** agree to select another arbitration service provider that has the ability to arbitrate the **DISPUTE** pursuant to and consistent with these Arbitration Provisions. If the **PARTIES** are unable to agree on another arbitration service provider, any **PARTY** may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration

proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.

(1) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

## JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

6. <u>Waiver of Statutory Provisions</u>. Lender and Guarantors hereby expressly acknowledge and agree that in the event of a default under this Agreement or under any document executed by Borrower or Guarantors in connection with, or to secure the payment of, Guaranteed Indebtedness (a) Lender shall not be required to comply with Article 6132b-3.05(d) of the Texas Revised Partnership Act or Subsection 152.306 of the Texas Business Organizations Code, as applicable, and (b) Lender shall not be required to proceed against or exhaust the assets of any Borrower and/or any Guarantors before pursuing any remedy directly against one or more of the partners of Borrower and/or Guarantor or the property of such partners.

7. <u>Successors and Assigns</u>. This Agreement shall be binding upon Guarantors and the heirs, successors, assigns and legal representatives of the Guarantors, and shall inure to the benefit of the Lender and the successors, assigns and legal representatives of Lender. This Agreement shall inure to the benefit of the transferce, assignee, or holder of the principal debt; however, all Guaranteed Indebtedness owed to the Lender shall first be paid in full before the assignee of any debt guaranteed shall receive any benefit of this Agreement. All references herein to "Lender" shall mean the above-named Lender and any subsequent owner or holder of the Guaranteed Indebtedness or any interest therein.

8. <u>Multiple Guarantees</u>. If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from any Guarantor, Lender's right under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. The liability of any Guarantor will be such Guarantor's aggregate liability under the terms of this Agreement and any such other unterminated guaranties.

9. <u>Guarantors' Authorization To Lender</u>. Guarantors authorize Lender, without notice or demand and without lessening Guarantors' liability under this Guaranty from time to time (a) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Guaranteed Indebtedness; and any part of the Guaranteed Indebtedness, including increases and decreases of the rate of interest on the Guaranteed Indebtedness; and any extensions may be repeated and may be longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Guaranteed Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, fail or decide not to perfect, and delay with any one or more of Borrower's sureties, endorsers, or other Guaranteed Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Guaranteed Indebtedness; (H) to assign or transfer this Guaranty in whole or in part; (I) to exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (J) to settle or compromise any and/or all of the Guaranteed Indebtedness; and (K) to subordinate the payment of any Guaranteed Indebtedness of Borrower to Lender to the payment of any Guaranteed or others.

10. GUARANTOR ACKNOWLEDGMENT, EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH HEREIN.

11.Guarantor agrees to provide Lender, at least on an annual basis, a complete Financial Statement, a Profit and Loss/Net Income Statement, copies of U.S. Tax Returns, a Contingent Liability Statement, and any other information that may be reasonably requested by Lender.

12. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, the term "Guaranteed Indebtedness", as used in this Agreement, includes (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in any promissory note guaranteed by this Agreement) that becomes due and payable in accordance with the terms of any such promissory note. The term "Swap Transaction", as used herein, means (i) any transaction evidenced by one or more agreements now existing or hereafter entered into between Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial institution or clause (i) above that is currently, or in the future becomes, recurrently entered into in the intransaction or ther derivative on one or more rates; or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender or a Lender Affiliate and any party or entity other than Borrower and it is entered into by Lender or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Borrower and it is entered into by Lender or such Lender Affiliate and Event of Default under this Agreement.

13. Transfer Restrictions. Lender has made or may in the future make certain loans and financial accommodations to Borrower as evidenced, in part, by the Security Instruments. Lender would not have entered into such loans evidenced by the Security Instruments without Guarantor executing and delivering this Guaranty to further secure the payment and performance of the Guaranteed Indebtedness. As a material inducement for Lender to enter into the Security Instruments, Lender has relied on the financial condition of Guarantor as represented to Lender by Guarantor pursuant to Financial Statements delivered to Lender by Guarantor. The term "Financial Statements" includes any financial statements heretofore delivered to Lender and all financial statements delivered to Lender in the future. Guarantor represents and warrants to Lender that since the date of the Financial Statements, no material adverse change has occurred in the financial condition of Guarantor. Guarantor further represents and warrants to Lender that the Financial Statements accurately depict the true and correct ownership of all assets set forth therein and that such assets are owned in their entirety by Guarantor in Guarantor's individual capacity, unless conspicuously denoted otherwise on the Financial Statements. Further, the Financial Statements conspicuously denote all assets of Guarantor that are Exempt Property (as hereinafter defined). Exempt Property shall include, without limitation, any asset that pursuant to applicable law is exempt from garnishment, attachment, execution or other seizure by Lender, by way of example and not limitation, to the extent applicable to Guarantor (i) such items of property as set forth in Sections 42.001, 42.002 and 42.003 of the Texas Property Code, College Savings Plans as defined in Section 42.0022 of the Texas Property Code, annuities as the term is used in the Texas Property Code and the Texas Insurance Code, Homestead as defined in Section 41.002 of the Texas Property Code, certain exempt Savings Plans referenced in Section 42.0021 of the Texas Property Code, and burial lots (ii) such items of property, College Savings Plans, Homestead, certain exempt savings plans and burial lots, each as set forth in Section 1 of Title 31 of Oklahoma Statutes, and (iii) such items of property that are exempt from garnishment, attachment, execution or other seizure pursuant to the statutes of another jurisdiction that are similar to the aforedescribed Texas and/or Oklahoma statutes. Unless otherwise conspicuously denoted, Guarantor represents that all assets set forth on the Financial Statements are Non-Exempt Property. The term "Non-Exempt Property" shall mean all assets of Guarantor that are not specifically and conspicuously denoted on the Financial Statements as Exempt Property. Guarantor represents and warrants that during the term of this Guaranty that it will not convert (by transfer, conveyance, assignment or otherwise) any of its assets from Non-Exempt Property to Exempt Property without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Further, without limitation, Guarantor shall not transfer (by assignment, conveyance or otherwise) (i) Non-Exempt

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Property having a cumulative value in excess of five percent (5%) of the value of all Non-Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), or (ii) Exempt Property having a cumulative value in excess of twenty percent (20%) of the value of all Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), to one or more entities in which Guarantor controls or owns, directly or indirectly, an equity interest (including, without limitation, to one or more so-called family limited partnerships, irrespective if the same is for estate planning purposes or otherwise) without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Any conversion or transfer in violation of the provisions of this <u>Section 13</u> shall, automatically and without notice of any kind from Lender, constitute an Event of Default hereunder and under the Security Instruments, and Guarantor shall, upon Lender's written demand, (without limiting in any way Lender's remedies under this Guaranty or the Security Instruments) immediately take all necessary steps to reverse any such conversion or transfer to the extent required by Lender.

#### 14. Miscellaneous.

- (a) This Agreement, the schedules and exhibits hereto, and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.
- (b) Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.
- (c) No waiver of any right or remedy under this Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.
- (d) No amendment modification or termination of this Agreement shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.
- (e) If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.
- (f) The terms of this Agreement shall be binding upon Guarantors, and their heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and the successors and assigns of Lender.
- (g) Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.
- (h) Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.
  (i) In this Agreement, words in the singular number include the plural, and in the plural include the singular, words of the masculine
- (i) In this Agreement, words in the singular number include the plural, and in the plural include the singular, words of the masculine gender include the feminine and the neuter, and when the context so indicates words of the neuter gender may refer to any gender and the word "or" is disjunctive but not exclusive. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.
- (j) Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received, or two days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed (i) if to Lender, at the address set forth in the first paragraph on page 1 hereof, and (ii) if to a Guarantor, at the address set forth being sent by certified or registered being b
- (k) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness) are hereby limited by the provisions of this subsection, which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 Attn: Al Villarreal.

#### NO ORAL AGREEMENTS

### THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

### THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Guarantor(s) have duly executed this Agreement to be effective as of the \_\_\_\_\_ day of February, 2024.

#### **GUARANTOR(S):**

Rise Residential Construction, LP A Texas Limited Partnership

> By: Rise Residential Construction GP, Inc. A Texas Corporation Title: General Partner

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

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## CORPORATION ACKNOWLEDGEMENT

STATE OF

# COUNTY OF

This instrument was acknowledged before me on the \_\_\_\_\_\_ day of \_\_\_\_\_\_, 20\_\_\_, by Melissa Renee Fisher, President of Rise Residential Construction GP, Inc., A Texas Corporation, General Partner of Rise Residential Construction, LP, A Texas Limited Partnership, on behalf of said partnership.

Notary Public, State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Commission No.

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# **GUARANTY AGREEMENT**



Date	Officer	Initial
2/_/2024	Lee Reed	

### Guarantor(s): Rise Residential Development, LLC

### Lender: International Bank of Commerce

This Guaranty Agreement (referred to herein as the "Guaranty" or the "Agreement") is made by the undersigned (referred to herein as "Guarantor" or "Guarantors", whether one or more) for the benefit of International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 ("Lender"). This Guaranty relates to the indebtedness and other obligations described below of Savannah at Lakeview, LP ("Borrower", whether one or more).

1. <u>Guarantee</u>. Guarantors, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby, jointly and severally, unconditionally guarantee and promise to pay to Lender, its successors and assigns, in currency which is legal tender in the United States of America,

(a) the full, punctual and prompt payment of the Guaranteed Indebtedness (defined below), together with interest thereon from the date such indebtedness is due until paid at the rate of interest specified in the promissory note(s) and/or other instruments or documents that evidence such indebtedness, and

(b) the performance and discharge of the obligations of Borrower specified and under any and all promissory notes, deeds of trust, security agreements, letters of credit, and all other documents and instruments (the "Security Instruments") executed by Borrower and/or other parties in connection with the Guaranteed Indebtedness. This Guaranty is an absolute and continuing unconditional guaranty of payment and not of collectability.

2. <u>Guaranteed Indebtedness</u>. The term "Guaranteed Indebtedness" shall mean all liabilities and obligations of Borrower (or any of them if more than one) to Lender, whether immediate or remote, now existing or hereafter created or arising, due or to become due, direct or indirect, absolute or contingent, and whether joint, several, or joint and several, as to outstanding unpaid principal, all accrued and unpaid interest, all accrued and unpaid late charges, attorney's fees, collection costs and all other sums owing by Borrower (or any of them if more than one) to Lender, including but not limited to:

- (a) any and all commercial loan or indebtedness;
- (b) any and all credit card or other consumer type of loan;
- (c) any and all indebtedness relating to checking or savings accounts (overdrafts, interest, fees, etc.);
   (d) any and all expenses incurred in the protection or maintenance of the Collateral (defined below);
- (e) any and all expenses incurred in the collection of any obligation of the Borrower (or any of them, if more than one) to Lender whether arising out of this Guaranty or otherwise;
- (f) any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letter of credit transactions;
- (g) any and all indebtedness, however evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or other items, or by any other manner or form;
- (h) any and all other indebtedness of Borrower (or any of them, if more than one) to any member bank or branch bank of International BancShares Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising;
- (i) any and all extensions, modifications, substitutions and/or renewals of any and all of such indebtedness;
- (j) any and all costs incurred by Lender to obtain, preserve and enforce this Agreement, collect the Guaranteed Indebtedness, and maintain and preserve any Collateral (defined below), including without limitation, all taxes, assessments, attorneys' fees and legal expenses, and expenses of sale; and/or
- (k) any and all of the foregoing that arises after the filing of a petition in bankruptcy by or against Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code 362 or otherwise.

By execution of this Agreement, Guarantors expressly covenant that Guarantors understand that this Guaranty will guarantee the obligation of all present and future indebtedness of Borrower (and any one of them if more than one) regardless of the fact that said other indebtedness may be of a different class and may have been incurred for a different purpose and may be totally unrelated to the purpose of the loan made or advanced at the time of the execution by Guarantors of this Agreement.

3. <u>Guaranty Terms</u>. This Agreement is subject to the following terms:

(a) Guarantors agree that Lender may renew, modify, rearrange or extend from time to time, the time, manner, place or terms of payment of the Guaranteed Indebtedness or any renewals, modifications, rearrangements, or extensions thereof without notice thereof to Guarantors and Guarantors hereby consent to such action, and/or Lender may supplement, change, amend, substitute, modify or alter the Guaranteed Indebtedness and/or any present and future Security Instruments without in any way changing, releasing or discharging Guarantors from any liability and/or obligation hereunder;

(b) Guarantors agree that notice of acceptance of this Agreement by Lender is not expected or desired and Guarantors waive, to the greatest extent permitted by law (i) notice of acceptance by Lender of this Agreement; (ii) demand for overdue payments, notice of intention to accelerate and notice of actual acceleration, presentment, demand for payment, protest and notice of protest, nonpayment, default or dishonor of the Guaranteed Indebtedness or any renewal, modification, or extension thereof; (iii) any and all rights under Section 34.02(a) of the Texas Business and Commerce Code (the "BCC"), as the same may be amended from time to time (or any similar statute of the Governing State if the Governing State is not Texas) to require Lender to sue or otherwise proceed against Borrower on the Guaranteed Indebtedness; and (iv) the discharge provisions of Section 34.02(b) of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State if the Governing State if the Governing State is not Texas); (v) the provisions of Section 34.03 of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State if the Governing State if the Governing State if the Governing State if the Governing State is not Texas); (v) the provisions of Section 34.03 of the BCC, as the same may be amended from time to time (or any similar statute of the Governing State if the Governing

(c) Lender has the right, but not the obligation, at any time and from time to time, without prejudice to any claim against Guarantors hereunder, and without notice to Guarantors, to: (i) exchange, release or surrender all or any part of the properties, real or personal (the "Collateral") which secure payment of the Guaranteed Indebtedness, (ii) sell all or part of the Collateral in accordance with the terms and provisions of any of the Security Instruments and become the purchaser or owner thereof as permitted by law, (iii) settle or compromise with the Borrower, or any other person primarily or secondarily liable with the Borrower, including any other guarantor of the Guaranteed Indebtedness, in whole or in part, and all renewals

and extensions thereof, but without waiving Lender's rights to any and all deficiencies on said Guaranteed Indebtedness, if any, and (iv) perform or attempt to perform, partially or fully, any or all of the obligations guaranteed hereunder;

(d) No failure, omission or delay on the part of Lender in exercising any rights hereunder or in taking any action to collect or enforce payment of any obligations to which this Guaranty applies or in enforcing observance or performance of any agreement, covenant, term or condition to be performed or observed under the Security Instruments, either against the Borrower or any other person primarily or secondarily liable with the Borrower, shall operate as a waiver of any such right or in any manner prejudice the rights of Lender against Guarantors;

(e) Guarantors waive any right to require Lender to first (i) proceed against the Borrower or endorsers, (ii) proceed against, sell or exhaust any Collateral, or (iii) pursue any other remedy that Lender has or to which it may be entitled, before pursuing any remedy directly against any Guarantor, and Guarantors further waive any and all rights, claims or defenses under 12 Oklahoma Statutes Section 686 (or any similar statute of the Governing State, if the Governing State is not Oklahoma), and all suretyship defenses of any nature whatsoever;

(f) Suit or an arbitration proceeding may be brought against the Guarantors and/or against any other person or entity obligated on the Guaranteed Indebtedness, whether by separate guaranty agreement, or otherwise, jointly and severally, and against any one or more of them, less than all, without impairing the rights of the Lender, its successors or assigns, against the other Guarantors, and the Lender may compromise with any one of the Guarantors for such sum or sums as it may see fit and release such of the Guarantors from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such Guaranteed Indebtedness from others of the Guarantors not so released, but it is agreed among the Guarantors themselves, however, that such compromise and release shall not impair the rights of the Guarantors rights against the Borrower to recover the Guaranteed Indebtedness to include the Lender's right, at its option, to proceed against the Borrower or any Guarantor for a deficiency judgment;

(g) The liability of Guarantors shall not be discharged, impaired or affected in any way by, and shall remain and continue in full force and effect notwithstanding (i) the non-liability of the Borrower for any reason whatsoever for the payment of the Guaranteed Indebtedness or any part thereof, save and except actual payment of the Guaranteed Indebtedness, (ii) the voluntary or involuntary liquidation, dissolution, reorganization, rearrangement, recomposition or readjustment of Borrower, or any similar proceeding affecting Borrower or any of Borrower's assets, (iii) the sale of all or substantially all of the Collateral for the benefit of creditors, (iv) the total or partial release of the Borrower from the observance of any of the agreements, covenants, terms or conditions contained in the Security Instruments by agreement of Lender and/or by operation of law, or (v) any defenses or rights of set-off or counterclaims which Borrower may have or assert, (vi) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments even of all or any portion of the Guaranteed Indebtedness in accordance with the terms hereof) that the Guarantors may or might have as to Guarantors' respective undertakings, liabilities and obligations hereunder, each and every such defense being hereby waived by the Guarantors;

(h) Until the Guaranteed Indebtedness has been paid in full to Lender, Guarantors hereby (i) waive and release any right of subrogation Guarantors have or to which Guarantors may be entitled (in and to the benefit of any security which Lender may at any time hold in connection with the Guaranteed Indebtedness); (ii) agree not to accept distributions, payment or satisfaction of any kind from Borrower; and (iii) expressly subordinate their rights to payment of any indebtedness owing from Borrower to Guarantors, whether now existing or arising at any time in the future, to the prior right of Lender to receive or require payment in full of the Guaranteed Indebtedness, including interest accruing on the Guaranteed Indebtedness, after any petition is filed under the United States Bankruptcy Code, which post-petition interest Guarantors agree shall remain a claim that is prior and superior to any claim of Guarantors notwithstanding any contrary practice, custom or ruling or proceedings under the United States Bankruptcy Code, and Guarantors agree not to accept any payment or satisfaction of any kind of any indebtedness of the Borrower to Guarantors. If Guarantors should receive any such payment, satisfaction or security for any indebtedness of the Borrower to Guarantors agree to deliver the same to the Lender forthwith in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Guaranteed Indebtedness or performance by Guarantors hereunder, and until so delivered agree to hold the same for the benefit Lender;

(i) Guarantors agree that this Agreement and all obligations hereunder are payable and performable in Cameron County, Texas and that payment hereunder is due in said county at the address of Lender. GUARANTORS AGREE FURTHER THAT THIS AGREEMENT AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES ARISING HEREUNDER SHALL BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS (the "Governing State"), WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS;

(j) Guarantors agree that the Lender may, without demand or notice of any kind, at any time when any amount shall be due and payable hereunder by Guarantors, (except to the extent prohibited by applicable federal or state law) appropriate and apply toward the payment of such amount, and in such order of application as the Lender in its sole discretion may from time to time elect, any property, balances, credits, deposits, accounts or monies of Guarantors now or hereafter, for any purpose, in the possession or control of the Lender or any member bank or branch bank of International BancShares Corporation;

(k) In addition to all liens upon, and rights of set-off against, the monies, securities, or other property of Guarantors given Lender by law, Guarantors hereby grant to Lender a security interest in and a right of set-off against all monies, securities, and other property (except to the extent prohibited by applicable federal or state law) of Guarantors now or hereafter in the possession of or on deposit with Lender or any member bank or branch bank of International Baneshares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest and right of set-off may be exercised without demand upon or notice to Guarantors. No security interest or right of set-off shall be deemed to have been waived by any act or conduct on the part of the Lender, or any failure to exercise such right of set-off or to enforce such security interest, or by any delay in so doing. Every right of set-off and security interest shall continue in full force and effect until such right of set-off or security interest is specifically waived or released by an instrument in writing executed by Lender. The provisions of this subsection are in addition to and not in lieu of any rights of set-off allowed by law;

(1) Guarantors, whether one or more of them, may give to the Lender written notice that those Guarantors signing and giving such notice will not be liable hereunder for any Guaranteed Indebtedness created, incurred or arising after the giving of such notice, BUT THE OBLIGATIONS UNDER THIS GUARANTY OF THOSE GUARANTORS WHO SHALL NOT HAVE SIGNED AND GIVEN SUCH NOTICE SHALL REMAIN AND CONTINUE WITHOUT DIMINUTION WHATSOEVER, AS IF SUCH GUARANTORS HAD BEEN THE ONLY GUARANTORS SIGNING THIS INSTRUMENT, OR OTHER GUARANTORS BY WHOM SUCH NOTICE IS SIGNED AND GIVEN WITH OR IMPAIR THE OBLIGATIONS HEREUNDER OF ANY GUARANTORS BY WHOM SUCH NOTICE IS SIGNED AND GIVEN WITH RESPECT TO ANY OF THE GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT OF SUCH NOTICE BY THE LENDER TOGETHER WITH ANY AND ALL INTEREST AND/OR LATE FEES WHICH MAY ACCRUE THEREON, AND ANN AND ALL COSTS OF COLLECTION. THE GUARANTORS SIGNING AND GIVING SAID NOTICE SHALL CONTINUE TO BE LIABLE FOR PAYMENT OF THAT GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON THE DATE OF RECEIPT BY LENDER OF SAID NOTICE, TOGETHER WITH ACCRUED INTEREST, LATE FEES AND COSTS OF COLLECTION AS AFORESAID. THE GUARANTEED INDEBTEDNESS MAY BE RENEWED, EXTENDED CONSOLIDATED, REARRANGED AND/OR MODIFIED, FROM TIME TO TIME, AFTER RECEIPT BY LENDER OF SUCH NOTICE SHALL CONTINUE OR LIMITING THE OBLIGATION OF GUARANTORS TO REPAY THE GUARANTEED INDEBTEDNESS (WITH INTEREST, LATE FEES AND COSTS OF COLLECTION AS AFORESAID. THE GUARANTEED INDEBTEDNESS WHICH WAS EXISTING PRIOR TO AND ON LIMITING THE OBLIGATION OF GUARANTORS TO REPAY THE GUARANTEED FOR COLLECTION AS AFORESAND. THE OBLIGATION OF GUARANTORS TO REPAY THE GUARANTEED INDEBTEDNESS (WITH INTEREST AS IT ACCRUES AND REMAINS UNPAID). NOTWITHSTANDING THE FOREGOING, NO SUCH NOTICE SHALL LIMIT OR IMPAIR THE OBLIGATIONS OF ANY GUARANTORS FOR ANY LOSS TO LENDER RESULTING FROM TIEMS IN TRANSIT OR FROM CURRENCY DEVALUATIONS ARISING AFTER RECEIPT OF SUCH NOTICE. THE NOTICE ABOVE PROVIDED FOR SHALL NOT BE CONSIDERED

surviving Guarantors. All Guaranteed Indebtedness, of whatever kind or character, created pursuant to the provisions of any binding loan agreement between Lender and Borrower entered into prior to receipt by Lender of any notice referred to herein, including notice of death of any Guarantor, shall be deemed to be Guaranteed Indebtedness created, incurred or arising prior to receipt of any such notice to Lender even though advances constituting all or a portion of such indebtedness be made subsequent to receipt of such notice by Lender;

(m) In the event the Borrower is a trust, corporation, joint stock association, limited liability company, limited liability partnership, limited partnership, or is hereafter incorporated, and if the Guaranteed Indebtedness at any time hereafter exceeds the amount permitted by law, or said Borrower is not liable because the act of creating the obligation is ultra vires, or the officers or persons creating same acted in excess of their authority, then notwithstanding such events, the individuals executing this Guaranty shall be liable personally hereunder, notwithstanding that said trust, corporation, joint stock association, limited liability company, limited liability partnership, or general partnership is not liable under this Guaranty (or for the payment of any portion of the Guaranteed Indebtedness), to the same extent as such individuals would have been if the Guaranteed Indebtedness of said Borrower had been enforceable against it;

(n) In the event any legal action or arbitration proceeding is commenced in connection with the enforcement of or any declaration of rights under this Guaranty and/or any instrument or written agreement required or delivered under or pursuant to the terms of this Guaranty or the Guaranteed Indebtedness, and/or any controversy or claim, whether sounding in contract, tort or statute, legal or equitable, involving in any way the Guaranteed Indebtedness, or any other proposed or actual loan or extension of credit involving Borrower, the prevailing party shall be entitled to recover reasonable and necessary attorney's fees, paralegal costs (including allocated costs for in-house legal services), expert witness fees and costs, expenses and costs and other disbursements made in connection with any such action or proceeding, in the amount determined by the fact-finder or arbitrator;

(o) Events of Default. The occurrence of any of the following events shall constitute an event of default ("Event of Default") under this Agreement:

(1) Borrower fails to pay any of the Guaranteed Indebtedness when the same shall become due and payable; or

(2) Borrower or Guarantor (i) fails to perform any of their respective obligations under this Agreement or the Security Instruments, or any event of default or breach occurs under this Agreement, the Security Instruments, or (ii) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Borrower or Guarantor, or any other event of default or breach occurs thereunder; or

(3) Any (i) statement, representation or warranty made by Borrower or Guarantor in this Agreement, the Security Instruments or in any other agreement between Lender and Borrower or Guarantor, or (ii) any information contained in the Financial Statements or other document delivered to Lender by or on behalf of Borrower or Guarantor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made: or

(4) Guarantor:

(i) dies or becomes physically or mentally incapacitated; or

(ii) in the case of a Guarantor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or

(iii) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in respect of its creditors generally; or

(iv) becomes insolvent or generally does not pay its debts as such debts become due; or

(v) conceals, removes, or permits to be concealed or removed, any part of Guarantor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Guarantor's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Guarantor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Guarantor for the purpose of enforcing a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

(6) An order (i) for relief as to Guarantor is granted under Title 11 of the United States Code or any similar law, or (ii) declaring Guarantor to be incompetent is entered by any court; or

(7) Guarantor files any pleading seeking, or authorizes or consents to, any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or

(8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of Guarantor for the purposes of collecting a lawful debt; or

(9) Any action or proceeding seeking any appointment or order described in Subsections 3(0)(5) or 3(0)(6) above is commenced without the authority or consent of Guarantor, and is not dismissed within thirty (30) days after its commencement; or

(10) Guarantor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Guarantor, could materially and adversely affect Guarantors financial position, or could affect Guarantor's ability to repay the Guaranteed Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or

(11) Guarantor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Guarantor to repay the Guaranteed Indebtedness or to properly perform Guarantor's obligations under this Agreement or the Security Instruments; or

(12) Any of the events or conditions described in Subsections 3(o)(4) through 3(o)(11) above happen to, by or with respect to Borrower; or (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely

affected, that the Guaranteed Indebtedness is inadequately secured, or that the prospect of payment of any of the Guaranteed Indebtedness or performance of any of Guarantee's obligations under this Agreement or Borrower's obligations under the Security Instruments is impaired, or

(14) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Guarantor with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and cach Guarantor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.

Upon the occurrence of an Event of Default Lender may, at its option, without notice of any kind, declare the Guaranteed Indebtedness to be due and payable immediately, together with the interest accrued thereon under the terms of the Security Instruments and demand payment thereof by Borrower or Guarantors, or any or all of them, and pursue collection and enforcement in accordance with applicable law.

(p) If Guarantor is an entity formed under and/or governed by the Texas Business Organizations Code ("BOC") the following shall apply: (i) Notice to known claimants under BOC Section 11.052(a)(2) [or any similar statute of Guarantor's domiciliary state if Guarantor is not domiciled in the State of Texas] shall not be effective with respect to Lender unless it is delivered by certified mail, return receipt requested and addressed to Dennis E. Nixon, President, at International Baneshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 within thirty (30) days following the occurrence of the event requiring the winding up of Guarantor, and (ii) to the extent allowed by applicable law, Guarantor agrees that BOC Section 11.359 [or any similar statute of Guarantor's domiciliary state if Guarantor hereunder and Guarantor hereby waives all rights under said statutory provision.

(q) As used in this subsection, the term "Borrower Release" means an agreement in writing which is contained within and is a part of a written extension, renewal and/or modification of the Guaranteed Indebtedness (or portion thereof) executed by Borrower and Lender after the date hereof, whereby Borrower releases Lender from claims of Borrower then in existence with respect to the Guaranteed Indebtedness. Guarantors hereby

specifically agree that a Borrower Release shall operate to release Lender from claims of Guarantors against Lender to the same extent as if Guarantors had executed and delivered to Lender a written release containing the same terms and conditions as the Borrower Release.

4. <u>Compliance with Usury Laws</u>. It is expressly understood and agreed that under no contingency or event whatsoever shall any amount be paid by Guarantors hereunder, which is or may be determined to be interest, that ever exceeds the maximum amount of interest which may be charged to Guarantors under applicable law. In no event shall the Guarantors, upon demand by the holder hereof for payment of the Guaranteed Indebtedness, upon acceleration of the maturity of any promissory note guaranteed by this Agreement, or otherwise, be obligated to pay interest in excess of the amount permitted by applicable law. If for any reason or circumstance fulfillment of any provisions hereof, at any time performance of such provisions shall be due, shall involve receipt by Lender of interest in any amount which would be excessive interest shall be applied to the reduction of the principal of the Guaranteed Indebtedness and not to payment of interest, and any excess remaining after the discharge of the Guaranteed Indebtedness shall be remitted to the Guaranters.

## 5. ARBITRATION.

### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

GUARANTORS AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) Sending Notice of Dispute, If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) <u>If the Dispute is not Informally Resolved</u>. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "DISPUTE(S)". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Guarantors, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refer to Guarantors, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.
- (g) BINDING ARBITRATION. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by

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mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).

- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.
- (i) FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

### II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a **CONSUMER DISPUTE** for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

## III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The **PARTIES** shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment,

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attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The **PARTIES** need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either **PARTY**'s right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The **PARTIES** agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.

- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either **PARTY** (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing **PARTY**. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

### IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any **DISPUTES** relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
- (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY in such litigation to request arbitration pursuant to these Arbitration Provisions within 180 days after the defending PARTY'S receipt of service of judicial process, shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted in the litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration with respect to the PARTY'S right to compel arbitration with respect to the PARTY'S right to compel arbitration to the set of the participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.
- (d) Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
- (e) Any Arbitrator selected shall be knowledgeable in the subject matter of the **DISPUTE** and be licensed to practice law.
- (f) For a one (1) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the **PARTIES** exercise all of their respective strikes. For a three (3) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the **PARTIES** exercise all of their respective strikes. After exercising all of their allotted respective strikes, the **PARTIES** shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the **PARTIES** rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each **PARTY**. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The **PARTIES** and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the **PARTIES** mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration

GUARANTY AGREEMENT STANDARD (UNLIMITED) (Rev. 8-19)

proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.

(1) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

### JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

6. <u>Waiver of Statutory Provisions</u>. Lender and Guarantors hereby expressly acknowledge and agree that in the event of a default under this Agreement or under any document executed by Borrower or Guarantors in connection with, or to secure the payment of, Guaranteed Indebtedness (a) Lender shall not be required to comply with Article 6132b-3.05(d) of the Texas Revised Partnership Act or Subsection 152.306 of the Texas Business Organizations Code, as applicable, and (b) Lender shall not be required to proceed against or exhaust the assets of any Borrower and/or any Guarantors before pursuing any remedy directly against one or more of the partners of Borrower and/or Guarantor or the property of such partners.

7. Successors and Assigns. This Agreement shall be binding upon Guarantors and the heirs, successors, assigns and legal representatives of the Guarantors, and shall inure to the benefit of the Lender and the successors, assigns and legal representatives of Lender. This Agreement shall inure to the benefit of the transferce, assignee, or holder of the principal debt; however, all Guaranteed Indebtedness owed to the Lender shall first be paid in full before the assignee of any debt guaranteed shall receive any benefit of this Agreement. All references herein to "Lender" shall mean the above-named Lender and any subsequent owner or holder of the Guaranteed Indebtedness or any interest therein.

8. <u>Multiple Guarantees</u>. If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from any Guarantor, Lender's right under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. The liability of any Guarantor will be such Guarantor's aggregate liability under the terms of this Agreement and any such other unterminated guaranties.

9. <u>Guarantors' Authorization To Lender</u>. Guarantors authorize Lender, without notice or demand and without lessening Guarantors' liability under this Guaranty from time to time (a) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more additional secured indebtedness or any part of the Guaranteed Indebtedness, including increases and decreases of the rate of interest on the Guaranteed Indebtedness; and any extensions may be repeated and may be longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Guaranteed Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, fail or decide not to perfect, and release any such security and credits shall be made on the Guaranteed Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Guaranteed Indebtedness; (H) to assign or transfer this Guaranty in whole or in part; (I) to exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (J) to sette or compromise any and/or all of the Guaranteed Indebtedness; which may be due Lender or others.

10. GUARANTOR ACKNOWLEDGMENT, EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH HEREIN.

11.Guarantor agrees to provide Lender, at least on an annual basis, a complete Financial Statement, a Profit and Loss/Net Income Statement, copies of U.S. Tax Returns, a Contingent Liability Statement, and any other information that may be reasonably requested by Lender.

12. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, the term "Guaranteed Indebtedness", as used in this Agreement, includes (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in any promissory note guaranteed by this Agreement) that becomes due and payable in accordance with the terms of any such promissory note. The term "Swap Transaction", as used herein, means (i) any transaction evidenced by one or more agreements now existing or hereafter entered into between Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial institution all instrument or interest (including an option with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender or a Lender Affiliate and any party or entity other than Borrower and it is entered into by Lender or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Borrower arising under or with respect to any Swap Transaction shall constitute an Event of Default under this Agreement.

13. Transfer Restrictions. Lender has made or may in the future make certain loans and financial accommodations to Borrower as evidenced, in part, by the Security Instruments. Lender would not have entered into such loans evidenced by the Security Instruments without Guarantor executing and delivering this Guaranty to further secure the payment and performance of the Guaranteed Indebtedness. As a material inducement for Lender to enter into the Security Instruments, Lender has relied on the financial condition of Guarantor as represented to Lender by Guarantor pursuant to Financial Statements delivered to Lender by Guarantor. The term "Financial Statements" includes any financial statements heretofore delivered to Lender and all financial statements delivered to Lender in the future. Guarantor represents and warrants to Lender that since the date of the Financial Statements, no material adverse change has occurred in the financial condition of Guarantor. Guarantor further represents and warrants to Lender that the Financial Statements accurately depict the true and correct ownership of all assets set forth therein and that such assets are owned in their entirety by Guarantor in Guarantor's individual capacity, unless conspicuously denoted otherwise on the Financial Statements. Further, the Financial Statements conspicuously denote all assets of Guarantor that are Exempt Property (as hereinafter defined). Exempt Property shall include, without limitation, any asset that pursuant to applicable law is exempt from garnishment, attachment, execution or other seizure by Lender, by way of example and not limitation, to the extent applicable to Guarantor (i) such items of property as set forth in Sections 42.001, 42.002 and 42.003 of the Texas Property Code, College Savings Plans as defined in Section 42.002 of the Texas Property Code, annuities as the term is used in the Texas Property Code and the Texas Insurance Code, Homestead as defined in Section 41.002 of the Texas Property Code, certain exempt Savings Plans referenced in Section 42.0021 of the Texas Property Code, and burial lots (ii) such items of property, College Savings Plans, Homestead, certain exempt savings plans and burial lots, each as set forth in Section 1 of Title 31 of Oklahoma Statutes, and (iii) such items of property that are exempt from garnishment, attachment, execution or other seizure pursuant to the statutes of another jurisdiction that are similar to the aforedescribed Texas and/or Oklahoma statutes. Unless otherwise conspicuously denoted, Guarantor represents that all assets set forth on the Financial Statements are Non-Exempt Property. The term "Non-Exempt Property" shall mean all assets of Guarantor that are not specifically and conspicuously denoted on the Financial Statements as Exempt Property. Guarantor represents and warrants that during the term of this Guaranty that it will not convert (by transfer, conveyance, assignment or otherwise) any of its assets from Non-Exempt Property to Exempt Property without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Further, without limitation, Guarantor shall not transfer (by assignment, conveyance or otherwise) (i) Non-Exempt

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Property having a cumulative value in excess of five percent (5%) of the value of all Non-Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), or (ii) Exempt Property having a cumulative value in excess of twenty percent (20%) of the value of all Exempt Property as set forth on the Financial Statements delivered to Lender prior to or contemporaneously herewith), to one or more entities in which Guarantor controls or owns, directly or indirectly, an equity interest (including, without limitation, to one or more so-called family limited partnerships, irrespective if the same is for estate planning purposes or otherwise) without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion. Any conversion or transfer in violation of the provisions of this <u>Section 13</u> shall, automatically and without notice of any kind from Lender, constitute an Event of Default hereunder and under the Security Instruments, and Guarantor shall, upon Lender's written demand, (without limiting in any way Lender's remedies under this Guaranty or the Security Instruments) immediately take all necessary steps to reverse any such conversion or transfer to the extent required by Lender.

### 14. Miscellaneous.

- (a) This Agreement, the schedules and exhibits hereto, and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.
- (b) Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.
- (c) No waiver of any right or remedy under this Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.
- (d) No amendment modification or termination of this Agreement shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.
- (e) If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.
- (f) The terms of this Agreement shall be binding upon Guarantors, and their heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and the successors and assigns of Lender.
- (g) Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.
- (h) Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.
- (i) In this Agreement, words in the singular number include the plural, and in the plural include the singular, words of the masculine gender include the feminine and the neuter, and when the context so indicates words of the neuter gender may refer to any gender and the word "or" is disjunctive but not exclusive. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.
- (j) Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received, or two days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed (i) if to Lender, at the address set forth in the first paragraph on page 1 hereof, and (ii) if to a Guarantor, at the address set forth below such Guarantor's signature hereto. Any party may change his address for notices in the manner set forth in this subsection.
- (k) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness) are hereby limited by the provisions of this subsection, which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any portion of the Guaranteed Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document.

Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 Attn: Al Villarreal.

### NO ORAL AGREEMENTS

## THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

## THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Guarantor(s) have duly executed this Agreement to be effective as of the \_\_\_\_\_ day of February, 2024.

#### **GUARANTOR(S):**

Rise Residential Development, LLC A Texas Limited Liability Company

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Parkway Dallas, Texas 75248

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## LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

# STATE OF

# COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_\_ day of \_\_\_\_\_\_, 20\_\_\_, by Melissa Renee Fisher, Manager of Rise Residential Development, LLC, A Texas Limited Liability Company, on behalf of said company.

Notary Public, State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Commission No.

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CERTIFICATE OF LIMITED LIABILITY COMPANY RESOLUTIONS

(General Partner of Partnership - Limited (LP))



Date	Reference Number	Officer	Initial
 2//2024	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Each of the undersigned hereby certifies to International Bank of Commerce that they are all of the Members and Managers of Savannah at Lakeview GP, LLC, a Texas Limited Liability Company (the "Company"), in its capacity as General Partner of Savannah at Lakeview, LP, a Texas Partnership - Limited (LP) (the "Partnership") and as such, have access to the records of the Company and the Partnership, which records of the Company and Partnership reflect that:

1. <u>Resolutions</u>. Attached hereto as Schedule I and incorporated herein by reference is a true and correct copy of certain resolutions which have been unanimously adopted by the Members and Managers of the Company, in its capacity as General Partner of the Partnership, and in compliance with and not in contravention of the Company's (i) the Articles of Organization or Certificate of Formation (as applicable), or (ii) Regulations, Operating Agreement or Company Agreement (as applicable); none of such resolutions have been repealed or modified in any respect, and all of such resolutions are in full force and effect on the date hereof.

2. <u>Managers and Members.</u> The persons executing this Certificate constitute all of the Members and Managers of the Company. If no person executes this Certificate as a Manager of the Company, the Members of the Company certify that the Company is member-managed and has no managers.

3. <u>Officers.</u> The Members/Managers executing this Certificate certify that the officers of the Company set forth below have been duly elected and hold the offices specified with the Company. If no person is listed below as an officer of the Company, the Members/Managers of the Company certify that the Company has no elected officers.

TITLE	TYPED NAME	SIGNATURE
President	Jeff Winget	

4. <u>Good Standing</u>. The Company is duly organized and existing under the laws of the State of Texas The Partnership is duly organized and existing under the laws of the State of Texas. All franchise taxes, margin taxes and other taxes required to maintain the corporate existence of the Company and the Partnership have been paid when due and no proceedings are pending for dissolution of the Company or the Partnership, on a voluntarily or involuntarily basis.

5. <u>Company Articles and Regulations</u>. Attached hereto as Schedules II and III are true and correct copies of the Company's Articles of Organization/Certificate of Formation and Regulations/Operating Agreement/Company Agreement, including all amendments thereto.

6. <u>Partnership Certificate and Agreement</u>. Attached hereto as Schedules IV and V are true and correct copies of the Partnership's Certificate of Partnership - Limited (LP) /Certificate of Formation and Agreement of Partnership - Limited (LP), including all amendments thereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Certificate effective the \_\_ day of February, 2024.

Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

> By:\_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

## LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_

COUNTY OF

This instrument was acknowledged before me on the \_\_\_\_\_\_ day of \_\_\_\_\_\_, 20\_\_, by Jeff Winget, President of Savannah at Lakeview GP, LLC, A Texas Limited Liability Company, on behalf of said company.

Notary Public, State of \_\_\_\_\_

My Commission Expires:

Commission No.

SOLE MEMBER:

Rowlett Housing Finance Corporation, a Texas nonprofit housing finance corporation

Ву: \_\_\_\_

Jeff Winget, President

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the \_\_\_\_\_\_ day of February 2024, by Jeff Winget, President of Rowlett Housing Finance Corporation, a Texas nonprofit housing finance corporation, on behalf of said corporation.

Notary Public, State of Texas

### SCHEDULE I Resolutions

BE IT RESOLVED: That this Company, as General Partner of Savannah at Lakeview, LP, a Texas Partnership - Limited (LP) (the "Partnership") shall establish/continue an account in the name of the Partnership with INTERNATIONAL BANK OF COMMERCE (the "Bank"), under the rules and regulations prescribed by the Bank from time to time, wherein may be deposited any of the funds of the Partnership, whether presented by cash, checks, notes or other evidences of debt, from which withdrawals are hereby authorized in the name of the Partnership by any \_\_\_\_\_ of the following Members/Managers/Officers of this Company:

Jeff Winget	President	
Print Name	Title	
Print Name	Title	
Print Name	Title	
Print Name	Title	

Endorsements for deposit may be by the written, facsimile, or stamped endorsement of this Company on behalf of the Partnership, without designation of the party making the endorsement; and this Company on behalf of the Partnership guarantees all prior endorsements on all checks, drafts, notes, or other similar instruments or evidences of indebtedness that may be deposited by it with the Bank.

BE IT FURTHER RESOLVED: That any (1) of the following Members/Managers/Officers of this Company:

Jeff Winget

President

may from time to time borrow money for and on behalf of this Company in its capacity as General Partner of the Partnership from the Bank and give the Partnership's notes or other evidences of the debt therefor, in such amounts and for such time and upon such terms and at such rate of interest as may be described on said note, or notes, or evidence of indebtedness, and also to execute and deliver to the Bank one or more renewals, extensions, and/or modifications, refinancing, consolidation or substitution of such indebtedness, and may mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to the Bank any property, whether real, personal or mixed, now or hereafter owned, in whole or in part, by the Partnership as security for the repayment of the indebtedness so borrowed and/or renewed, extended, rearranged, and/or modified. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times thereafter, and may be either in addition to or in lieu of any property previously mortgaged, pledged, transferred, endorsed, hypothecated and/or encumbered. This Company on behalf of the Partnership may execute and deliver to the Bank the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, collateral assignment and other security agreement (collectively, the "Security Instruments") which the Bank may require and which shall evidence the terms and conditions under and pursuant to which the Bank may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record any Security Instrument as required by the Bank.

BE IT FURTHER RESOLVED: Any one (1) of the authorized persons listed above may enter into any agreements of any nature with the Bank on behalf of this Company in its capacity as General Partner of the Partnership, and those agreements will bind the Partnership.

BE IT FURTHER RESOLVED: (i). This Company on behalf of the Partnership has filed or recorded all documents or filings required by law relating to all Partnership assumed business names used by the Partnership. Excluding the name of the Partnership, the following is a complete list of all assumed business names under which the Partnership does business: Savannah at Lakeview, LP.

(ii) This Company on behalf of the Partnership may enter into transactions in which there are multiple borrowers or obligations to Bank, and this Company on behalf of the Partnership understands and agrees that, with or without notice to the Partnership, the Bank may discharge or release any party or collateral securing any obligation, grant any extension of time for payment, delay enforcing any rights granted to the Bank, or take any other action or inaction, without the loss to the Bank of any of its rights against the Partnership; and that the Bank may modify transactions without the consent of or notice to anyone other than the party with whom the modification is made.

(iii) This Company on behalf of the Partnership and in its own behalf will promptly notify Bank in writing at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526, or such other address as the Bank may designate from time to time prior, to any conversion of the Partnership or this Company to a new or different type of business entity or change in (A) the Partnership's or this Company's name; (B) the Partnership's or this Company's assumed business name(s); (C) the management of the Partnership or this Company; (D) the authorized signer(s); (E) the Partnership's or this Company's principal office address; (F) the Partnership's or this Company's state of organization; or (G) any other aspect of the Partnership or this Company that directly or indirectly relates to any agreements between the Partnership or this Company and the Bank. No change in

the Partnership's or this Company's name or state of organization or conversion of the Partnership or this Company to a new or different type of business entity will take effect until after the Bank has received and acknowledged written notice delivered in accordance with this paragraph.

(iv) In the case of lines of credit, any one (1) of the authorized persons listed above may designate additional or alternate individuals as being authorized to request advances on behalf of this Company in its capacity as General Partner of the Partnership under such lines, and in all cases, may do and perform such other acts and things, to pay any and all fees and costs, and execute and deliver such other documents and agreements as such person may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

BE IT FURTHER RESOLVED: That the Bank is authorized to honor any and all withdrawals of the Partnership's funds payable to the members, managers, officers, agents or employees of this Company signing or countersigning the same, whether presented for cash or for credit to the personal account of such members, managers, officers, agents or employees and the Bank need not make inquiry concerning such items.

The authority herein conferred upon the members, managers, officers, agents and employees of this Company shall not be revoked, altered or changed insofar as the Bank is concerned and the Bank shall not be affected or bound by any revocations, alterations or changes until written notice of same, signed by a duly authorized representative of the Company shall have been delivered to a Senior Officer of the Bank at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526, or such other address as the Bank may designate from time to time.

All other things heretofore done by the members, managers, officers, agents or employees of this Company on behalf of the Partnership, whether same be the persons above named or others, with respect to deposits and withdrawals from the Partnership's account, the borrowing of money, the execution of notes, mortgages, pledges and collateral agreements to said Bank, are hereby ratified and affirmed.

# <u>SCHEDULE II</u> Company Articles of Organization/Certificate of Formation

# SCHEDULE III

Company Regulations/Operating Agreement/Company Agreement

# <u>SCHEDULE IV</u> Partnership Certificate of Organization/Certificate of Formation

## SCHEDULE V Partnership Agreement of Partnership - Limited (LP)

# CERTIFICATE OF LIMITED LIABILITY COMPANY RESOLUTIONS REGARDING INDEBTEDNESS OF THIRD-PARTY

# [Guarantor/Pledgor is LLC]



· · · · ·	Date	Reference Number	Officer	Initial
	2//2024	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Sole Manager

I am the Sole Manager We, the undersigned, being all of the Members and Managers of Rise Residential Development LLC, Texas Limited Liability Company (the "Company"), being first duly sworn, do upon oath depose and state that we are the sole Members and Managers of the Company, that all franchise taxes, margin taxes and other taxes required to maintain the Company's existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its Certificate of Organization/Certificate of Formation or for its dissolution, voluntarily or involuntarily; that the Company is duly qualified to do business and is in good standing in the State of Texas; that there is no provision of the Articles of Organization/Certificate of Formation or Regulations/Operating Agreement of the Company limiting the power of the Members and Managers to adopt the resolutions set forth herein; that such resolutions are in conformity with the provisions of said Articles of Organization/Certificate of Formation and Regulations/Operating Agreement, and that the following resolutions were duly and legally adopted by unanimous consent of the Members and Managers of the Company and appear upon the permanent minutes of the Company and have not been altered, amended, rescinded or revoked and are now in full force and effect:

RESOLVED: That the following individual(s):

Melissa Renee Fisher

Manager

is/are authorized to execute in the capacity indicated and on behalf of the Company any of the following described loan documents regarding Savannah at Lakeview, LP ("Borrower"):

1. International Bank of Commerce's standard form of Guaranty Agreement, thereby guaranteeing any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to International Bank of Commerce (the "Bank"); and/or

2. The Bank's standard form of Security Agreement, thereby pledging certain personal property of the Company as specifically described therein, and the proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to the Bank, including but not limited to that certain promissory note in the original principal amount of \$3,500,000.00 effective the \_\_\_\_ day of February, 2024 and executed by Borrower, payable to the order of the Bank (the "Note"); and/or

3. The Bank's standard form of Deed Of Trust/Mortgage, thereby granting a contractual lien on real property owned by the Company and the proceeds thereof as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

4. The Bank's standard form of Assignment of Deposit Account (Security Agreement), thereby pledging one or more deposit accounts at the Bank in the name of the Company, and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

5. Any of the Bank's other standard-form of collateral/security document, pledging any property of the Company and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness of Borrower to the Bank, and any renewals, extensions or modifications of such indebtedness, including but not limited to the Note.

**RESOLVED**: Although the loan proceeds will be remitted to Borrower, the Company acknowledges receiving a benefit from the loan to Borrower and acknowledges that such benefit is sufficient consideration for the providing of collateral for such indebtedness and/or guaranteeing the repayment thereof. The Company has pledged the property described above to the Bank as collateral for such loan and/or has guaranteed the repayment thereof. The Company understands that the Bank would not make the loan but for the pledge of the Company's collateral and/or the Company's guaranty of repayment. Melissa Renee Fisher, as Sole Manager

**RESOLVED:** All other things heretofore done by any Member, Manager, officer or agents of this Company, whether same be the persons above named herein or others, with respect to deposits and withdrawals from the Company's account(s), the borrowing of money, the execution of notes, mortgages, pledges and collateral agreements to the Bank, are hereby ratified and affirmed as the acts and deeds of the Company.

### Melissa Renee Fisher, as Sole Manager

**RESOLVED**: That a copy of the foregoing resolutions, certified by the each of the Members and Managers of the Company be delivered to the Bank.

# REPRESENTATIONS AND WARRANTIES

Melissa Renee Fisher, as Sole Manager The authority herein conferred upon the Mombere, Managers, agents and employees shall not be revoked, altered or changed insofar as the Bank is concerned and Bank shall not be affected or bound by any revocation, alteration or change until written notice of same, signed by each of the Members and Manager of the Company, shall have been delivered to the Bank at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526.

The Company represents and warrants to the Bank that:
(a) The Company is and at all times shall be the sole legal and equitable owner and holder of the property, both real and personal, pledged to the Bank as described above (collectively, the "Property"), free and clear of all liens, charges and claims of others, except the assignment and first and exclusive security interest granted to the Bank as described above, and the Company has not made and will not make any assignment, pledge, hypothecation or other transfer of the Property;

(b) The Company has full power, right and authority to pledge the Property as described above. The Company agrees that the Company will defend property against any and all claims, liens, encumbrances, security interests and other impediments of any nature, however arising; and

(c) The Company understands that the Property is transferable, at least to the extent of the interests transferred as described above.

#### COVENANTS AND AGREEMENTS

The Company covenants and agrees with the Bank as follows:

(a) From time to time, to promptly execute and deliver to the Bank all assignments, certificates, and supplemental writings, and to do all other acts or things, as the Bank may request, in order to more fully evidence and perfect the lien and/or security interests in the Property;

(b) To promptly furnish the Bank with any information or writings which the Bank may request concerning the Property; and

(c) To promptly pay to the Bank after demand the amount of all reasonable expenses, including reasonable attorney's fees and other legal expenses, incurred by the Bank in enforcing the rights of the Bank and the obligations of the Company under any of the documents executed by the Company and delivered to the Bank as described above.

### **CERTIFICATION AS TO ORGANIZATIONAL DOCUMENTS**

Attached hereto as Schedules I and II are true and correct copies of the Company's Articles of Organization/Certificate of Formation and Regulations/Operating Agreement/Company Agreement, including all amendments thereto.

### THE SOLE MANAGER

# CERTIFICATION AS TO MEMBERS AND MANAGERS

The person executing this Certificate constitutes the Sole Manager of the Company. The persons executing this Certificate constitute all of the Members and Managers of the Company. If no person executes this Certificate as a Manager of the Company, the Members of the Company certify that the Company is membermanaged and has no managers.-

#### TITLE

Manager

Melissa Renee Fisher

TYPED NAME

SIGNATURE

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Sole Manager

#### **CERTIFICATION AS TO OFFICERS**

The <u>Members/Managers</u> executing this Certificate certify that the officers of the Company set forth below have been duly elected and hold the offices specified with the Company. If no person is listed below as an officer of the Company, the <u>Members/Managers</u> of the Company certify that the Company has not elected officers.

Sole Manager

IN WITNESS WHEREOF, this Certificate has been signed on behalf of the Company as of the \_\_ day of February, 2024.

TITLE

# TYPED NAME

Melissa Renee Fisher

SIGNATURE

Manager

# SUBSCRIBED AND SWORN TO before me, a Notary Public in and for the State of \_\_\_\_\_\_, this the day of \_\_\_\_\_\_, 20\_\_\_\_\_, 20\_\_\_\_\_, by Melissa Renee Fisher, as Manager of Rise Residential Development, LLC.

Notary Public, State of \_\_\_\_\_

My Commission Expires:

Commission No.\_\_\_\_

# SCHEDULE I LLC Articles of Organization/Certificate of Formation

# <u>SCHEDULE II</u> LLC Regulations/Operating Agreement/Company Agreement

# CERTIFICATE OF LIMITED LIABILITY COMPANY RESOLUTIONS REGARDING INDEBTEDNESS OF THIRD-PARTY



## [Guarantor/Pledgor is LLC]

Date	Reference Number	Officer	Initial
2//2024	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Sole Manager

I the Sole Manager We, the undersigned, being all of the Members and Managers of Rise Residential Development LLC, Texas Limited Liability Company (the "Company"), being first duly sworn, do upon oath depose and state that we are the sole Members and Managers of the Company, that all franchise taxes, margin taxes and other taxes required to maintain the Company's existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its Certificate of Organization/Certificate of Formation or for its dissolution, voluntarily or involuntarily; that the Company is duly qualified to do business and is in good standing in the State of Texas; that there is no provision of the Articles of Organization/Certificate of Formation or Regulations/Operating Agreement of the Company limiting the power of the Members and Managers to adopt the resolutions set forth herein; that such resolutions are in conformity with the provisions of said Articles of Organization/Certificate of Formation and Regulations/Operating Agreement, and that the following resolutions were duly and legally adopted by unanimous consent of the Members and Managers of the Company and appear upon the permanent minutes of the Company and have not been altered, amended, rescinded or revoked and are now in full force and effect:

RESOLVED: That the following individual(s):

Melissa Renee Fisher

Manager

is/are authorized to execute in the capacity indicated and on behalf of the Company any of the following described loan documents regarding Savannah at Lakeview, LP ("Borrower"):

1. International Bank of Commerce's standard form of Guaranty Agreement, thereby guaranteeing any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to International Bank of Commerce (the "Bank"); and/or

2. The Bank's standard form of Security Agreement, thereby pledging certain personal property of the Company as specifically described therein, and the proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to the Bank, including but not limited to that certain promissory note in the original principal amount of \$3,500,000.00 effective the \_\_\_\_ day of February, 2024 and executed by Borrower, payable to the order of the Bank (the "Note"); and/or

3. The Bank's standard form of Deed Of Trust/Mortgage, thereby granting a contractual lien on real property owned by the Company and the proceeds thereof as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

4. The Bank's standard form of Assignment of Deposit Account (Security Agreement), thereby pledging one or more deposit accounts at the Bank in the name of the Company, and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

5. Any of the Bank's other standard form of collateral/security document, pledging any property of the Company and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness of Borrower to the Bank, and any renewals, extensions or modifications of such indebtedness, including but not limited to the Note.

**RESOLVED:** Although the loan proceeds will be remitted to Borrower, the Company acknowledges receiving a benefit from the loan to Borrower and acknowledges that such benefit is sufficient consideration for the providing of collateral for such indebtedness and/or guaranteeing the repayment thereof. The Company has pledged the property described above to the Bank as collateral for such loan and/or has guaranteed the repayment thereof. The Company understands that the Bank would not make the loan but for the pledge of the Company's collateral and/or the Company's guaranty of repayment. Melissa Renee Fisher, as Sole Manager

**RESOLVED:** All other things heretofore done by any Member, Manager, officer or agents of this Company, whether same be the persons above named herein or others, with respect to deposits and withdrawals from the Company's account(s), the borrowing of money, the execution of notes, mortgages, pledges and collateral agreements to the Bank, are hereby ratified and affirmed as the acts and deeds of the Company.

#### Melissa Renee Fisher, as Sole Manager

**RESOLVED:** That a copy of the foregoing resolutions, certified by the each of the Members and Managers of the Company be delivered to the Bank.

# REPRESENTATIONS AND WARRANTIES

Melissa Renee Fisher, as Sole Manager

The authority herein conferred upon the Members, Managers, agents and employees shall not be revoked, altered or changed insofar as the Bank is concerned and Bank shall not be affected or bound by any revocation, alteration or change until written notice of same, signed by each of the Members and Manager of the Company, shall have been delivered to the Bank at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526.

The Company represents and warrants to the Bank that:

(a) The Company is and at all times shall be the sole legal and equitable owner and holder of the property, both real and personal, pledged to the Bank as described above (collectively, the "Property"), free and clear of all liens, charges and claims of others, except the assignment and first and exclusive security interest granted to the Bank as described above, and the Company has not made and will not make any assignment, pledge, hypothecation or other transfer of the Property;

(b) The Company has full power, right and authority to pledge the Property as described above. The Company agrees that the Company will defend property against any and all claims, liens, encumbrances, security interests and other impediments of any nature, however arising; and

(c) The Company understands that the Property is transferable, at least to the extent of the interests transferred as described above.

# COVENANTS AND AGREEMENTS

The Company covenants and agrees with the Bank as follows:

(a) From time to time, to promptly execute and deliver to the Bank all assignments, certificates, and supplemental writings, and to do all other acts or things, as the Bank may request, in order to more fully evidence and perfect the lien and/or security interests in the Property;

(b) To promptly furnish the Bank with any information or writings which the Bank may request concerning the Property; and

(c) To promptly pay to the Bank after demand the amount of all reasonable expenses, including reasonable attorney's fees and other legal expenses, incurred by the Bank in enforcing the rights of the Bank and the obligations of the Company under any of the documents executed by the Company and delivered to the Bank as described above.

### CERTIFICATION AS TO ORGANIZATIONAL DOCUMENTS

Attached hereto as Schedules I and II are true and correct copies of the Company's Articles of Organization/Certificate of Formation and Regulations/Operating Agreement/Company Agreement, including all amendments thereto.

# THE SOLE MANAGER

# CERTIFICATION AS TO MEMBERS AND MANAGERS

The person executing this Certificate constitutes the Sole Manager of the Company. The persons executing this Certificate constitute all of the Members and Managers of the Company. If no person executes this Certificate as a Manager of the Company, the Members of the Company certify that the Company is membermanaged and has no managers.

#### TITLE

Manager

Melissa Renee Fisher

TYPED NAME

## **CERTIFICATION AS TO OFFICERS**

The Members/Managers executing this Certificate certify that the officers of the Company set forth below have been duly elected and hold the offices specified with the Company. If no person is listed below as an officer of the Company, the Members/Managers of the Company certify that the Company has not elected officers.

Sole Manager

Sole Manager

IN WITNESS WHEREOF, this Certificate has been signed on behalf of the Company as of the \_\_ day of February, 2024.

TITLE

# TYPED NAME

SIGNATURE

SIGNATURE

Manager

# Melissa Renee Fisher

SUBSCRIBED AND SWORN TO before me, a Notary Public in and for the State of \_\_\_\_\_\_, this the \_\_\_\_\_\_, day of \_\_\_\_\_\_, 20 \_\_\_\_by \_Melissa Renee Fisher, as Manager of Rise Residential Development, LLC.

Notary Public, State of \_\_\_\_\_

My Commission Expires: \_\_\_\_

Commission No.\_\_\_\_\_

# <u>SCHEDULE I</u> LLC Articles of Organization/Certificate of Formation

SCHEDULE II LLC Regulations/Operating Agreement/Company Agreement

# CERTIFICATE OF LIMITED LIABILITY COMPANY RESOLUTIONS REGARDING INDEBTEDNESS OF THIRD-PARTY



[Guarantor/Pledgor is LLC]

	Date	Reference Number	Officer	Initial
· · · ·	2/ /2024	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

We, the undersigned, being all of the Members and Managers of Savannah at Lakeview GP, LLC, Texas Limited Liability Company (the "Company"), being first duly sworn, do upon oath depose and state that we are the sole Members and Managers of the Company, that all franchise taxes, margin taxes and other taxes required to maintain the Company's existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its Certificate of Organization/Certificate of Formation or for its dissolution, voluntarily or involuntarily; that the Company is duly qualified to do business and is in good standing in the State of Texas; that there is no provision of the Articles of Organization/Certificate of Formation or Regulations/Operating Agreement of the Company limiting the power of the Members and Managers to adopt the resolutions set forth herein; that such resolutions are in conformity with the provisions of said Articles of Organization/Certificate of Formation and Regulations/Operating Agreement, and that the following resolutions were duly and legally adopted by unanimous consent of the Members and Managers of the Company and appear upon the permanent minutes of the Company and have not been altered, amended, rescinded or revoked and are now in full force and effect:

**RESOLVED:** That the following individual(s):

Jeff Winget

President

is/are authorized to execute in the capacity indicated and on behalf of the Company any of the following described loan documents regarding Savannah at Lakeview, LP ("Borrower"):

1. International Bank of Commerce's standard form of Guaranty Agreement, thereby guaranteeing any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to International Bank of Commerce (the "Bank"); and/or

2. The Bank's standard form of Security Agreement, thereby pledging certain personal property of the Company as specifically described therein, and the proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, rearrangements, or modifications thereof, of Borrower owed to the Bank, including but not limited to that certain promissory note in the original principal amount of \$3,500,000.00 effective the \_\_\_\_ day of February, 2024 and executed by Borrower, payable to the order of the Bank (the "Note"); and/or

3. The Bank's standard form of Deed Of Trust/Mortgage, thereby granting a contractual lien on real property owned by the Company and the proceeds thereof as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

4. The Bank's standard form of Assignment of Deposit Account (Security Agreement), thereby pledging one or more deposit accounts at the Bank in the name of the Company, and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness and any renewals, extensions, or modifications thereof, of Borrower owed to the Bank, including but not limited to the Note; and/or

5. Any of the Bank's other standard form of collateral/security document, pledging any property of the Company and all renewals and/or proceeds thereof, as security for the repayment of any and all indebtedness of Borrower to the Bank, and any renewals, extensions or modifications of such indebtedness, including but not limited to the Note.

**RESOLVED:** Although the loan proceeds will be remitted to Borrower, the Company acknowledges receiving a benefit from the loan to Borrower and acknowledges that such benefit is sufficient consideration for the providing of collateral for such indebtedness and/or guaranteeing the repayment thereof. The Company has pledged the property described above to the Bank as collateral for such loan and/or has guaranteed the repayment thereof. The Company understands that the Bank would not make the loan but for the pledge of the Company's collateral and/or the Company's guaranty of repayment.

**RESOLVED:** All other things heretofore done by any Member, Manager, officer or agents of this Company, whether same be the persons above named herein or others, with respect to deposits and withdrawals from the Company's account(s), the borrowing of money, the execution of notes, mortgages, pledges and collateral agreements to the Bank, are hereby ratified and affirmed as the acts and deeds of the Company.

**RESOLVED:** That a copy of the foregoing resolutions, certified by the each of the Members and Managers of the Company be delivered to the Bank.

#### REPRESENTATIONS AND WARRANTIES

The authority herein conferred upon the Members, Managers, agents and employees shall not be revoked, altered or changed insofar as the Bank is concerned and Bank shall not be affected or bound by any revocation, alteration or change until written notice of same, signed by each of the Members and Manager of the Company, shall have been delivered to the Bank at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526.

The Company represents and warrants to the Bank that:

(a) The Company is and at all times shall be the sole legal and equitable owner and holder of the property, both real and personal, pledged to the Bank as described above (collectively, the "Property"), free and clear of all liens, charges and claims of others, except the assignment and first and exclusive security interest granted to the Bank as described above, and the Company has not made and will not make any assignment, pledge, hypothecation or other transfer of the Property;

(b) The Company has full power, right and authority to pledge the Property as described above. The Company agrees that the Company will defend property against any and all claims, liens, encumbrances, security interests and other impediments of any nature, however arising; and

(c) The Company understands that the Property is transferable, at least to the extent of the interests transferred as described above.

#### COVENANTS AND AGREEMENTS

The Company covenants and agrees with the Bank as follows:

(a) From time to time, to promptly execute and deliver to the Bank all assignments, certificates, and supplemental writings, and to do all other acts or things, as the Bank may request, in order to more fully evidence and perfect the lien and/or security interests in the Property;

(b) To promptly furnish the Bank with any information or writings which the Bank may request concerning the Property; and

(c) To promptly pay to the Bank after demand the amount of all reasonable expenses, including reasonable attorney's fees and other legal expenses, incurred by the Bank in enforcing the rights of the Bank and the obligations of the Company under any of the documents executed by the Company and delivered to the Bank as described above.

#### CERTIFICATION AS TO ORGANIZATIONAL DOCUMENTS

Attached hereto as Schedules I and II are true and correct copies of the Company's Articles of Organization/Certificate of Formation and Regulations/Operating Agreement/Company Agreement, including all amendments thereto.

## CERTIFICATION AS TO MEMBERS AND MANAGERS

The persons executing this Certificate constitute all of the Members and Managers of the Company. If no person executes this Certificate as a Manager of the Company, the Members of the Company certify that the Company is membermanaged and has no managers.

TITLE	TYPED NAME	SIGNATURE
President	Jeff Winget	
Sole Member	Rowlett Housing Finance Corporation	
		By: Jeff Winget, President
	CERTIFICATION AS TO	OFFICERS
been duly elected and hold the		hat the officers of the Company set forth below have no person is listed below as an officer of the Company, is not elected officers.
IN WITNESS WHERE 2024.	<b>OF</b> , this Certificate has been signed or	n behalf of the Company as of the <u></u> day of February,
TITLE	TYPED NAME	SIGNATURE
President	Jeff Winget	
Sole Member	Rowlett Housing Finance Corporatio	By: Jeff Winget, President
SUBSCRIBED AND SWORN day of	TO before me, a Notary Public in and f _, 20by _Jeff Winget, as President c	for the State of, this the of Savannah at Lakeview GP, LLC.
Notary Public, State of		
My Commission Expires:		
Commission No		
	SOLE MEMBER SIGNATURE PA	AGE FOLLOWS

SOLE MEMBER:
--------------

Rowlett Housing Finance Corporation, a Texas nonprofit housing finance corporation

By:

Jeff Winget, President

SUBSCRIBED AND SWORN TO before me, a Notary Public in and for the State of \_\_\_\_\_\_, this the \_\_\_\_\_\_, day of \_\_\_\_\_\_, 20\_\_\_\_\_, by Jeff Winget, President of Rowlett Housing Finance Corporation, a Texas nonprofit housing finance corporation, on behalf of said corporation.

Notary Public, State of \_

My Commission Expires:

Commission No.

# <u>SCHEDULE I</u> LLC Articles of Organization/Certificate of Formation

# <u>SCHEDULE II</u> LLC Regulations/Operating Agreement/Company Agreement

# NOTICE OF NO ORAL AGREEMENTS



**International Bank of Commerce** 

Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	2//2024	4//2025	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Dear Customer:

If the amount involved in your loan agreements exceeds \$50,000.00 in value, Texas law requires that you be notified of the following:

THE WRITTEN LOAN AGREEMENTS REPRESENT THE FINAL AGREEMENT 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.

The "Loan Agreements" referred to above include any one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents which you may have signed or received relating to your transaction with the Bank. This notice does not apply to any credit card, charge card or an open-end account (as that term is defined by Article 301.001 of the Texas Finance Code) intended or used primarily for personal, family, or household use.

Date this notice is being given: February \_\_\_, 2024

Loan Number or Other Reference Number: 1080037217

Description of Promissory Note:

- Amount of Note: \$3,500,000,00 (1)(2)
- Date of Note: February \_\_, 2024

If this transaction does not involve a promissory note:

(1)	Name of significant document(s):	
	Guaranty	Deed of Trust
	Security Agreement	Application
	Pledge	Other

(2)Date of significant document(s): February \_\_\_, 2024

#### BORROWER(S), GUARANTOR(S), DEBTOR(S), PLEDGOR(S) and GRANTOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

By: Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

Rise Residential Construction, LP A Texas Limited Partnership

> By: Rise Residential Construction GP, Inc. A Texas Corporation Title: General Partner

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

Rise Residential Development, LLC A Texas Limited Liability Company

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Parkway Dallas, Texas 75248

Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway Dallas, Texas 75248

Savannah at Lakeview GP, LLC A Texas Limited Liability Company

By: \_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

SECURED PARTY:

International Bank of Commerce

By: \_\_\_\_\_ Name: Lee Reed Title: President

# **PROMISSORY NOTE**



Internation	al Bank	c of Ca	ommerce
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Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	2//2024	4//2025	1080037217	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, jointly and severally, (hereinafter "Borrower", whether one or more) promise to pay to the order of International Bank of Commerce (hereinafter "Lender"), at 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 or such other address as Lender may specify from time to time, the sum of Three Million Five Hundred Thousand Dollars and No Cents (\$3,500,000.00), in legal and lawful money of the United States of America, with interest as it accrues on the outstanding principal balance from date of advance of such principal until paid.

The interest rate shall be floating at <del>0.00% per annum above</del> the New York Prime Rate (as described below) as it fluctuates from time to time; provided, however, that in no event shall the rate of interest to be paid on the unpaid principal of this Note be less than 7.00% per annum, nor more than the maximum legal rate allowed by applicable law. The starting interest rate on this Note shall be 8.50% per annum. The rate of interest due hereunder shall be recomputed as of the date of any change in the Prime Rate.

The NEW YORK PRIME RATE shall mean the annual lending rate of interest announced from time to time by the JP Morgan Chase & Co., New York, New York, as its prime rate. If the New York Prime Rate has been selected as the Prime Rate and if, thereafter, a prime rate is not announced by JP Morgan Chase & Co., New York, New York, then the International Bank of Commerce Prime Rate minus one percent (1%) shall be the Prime Rate.

The INTERNATIONAL BANK OF COMMERCE PRIME RATE shall mean the annual lending rate of interest announced from time to time by International Bank of Commerce, as its prime rate.

Use of the term Prime Rate is not to be construed as a warranty or representation that such rate is more favorable than another rate or index, that rates on other loans or credit facilities may not be based on other indices or that rates on loans to others may not be made below such prime rate.

At Lenders sole discretion, any interest rate increase will take the form of higher periodic payments, a greater balloon payment (if applicable), and/or an increase in the number of periodic payments. The periodic payment amount will not increase more than once per month, with no limitation on such increase. Any new periodic payment amount will be due and payable only after timely and proper notice of such new payment amount from Lender. This paragraph is inapplicable if the maturity of the outstanding indebtedness under this Note is accelerated and/or demanded in full.

#### MULTIPLE ADVANCE NON-REVOLVING

1. Note. This Note is a multiple advance non-revolving credit facility for the Borrower. Borrower acknowledges that the original principal amount of this Note as stated therein has been advanced to Borrower at the time of execution of the Note or may be advanced at various times to Borrower by Lender. As used herein, the term Loan Documents means, collectively, this Note and any other document or instrument executed in connection with this Note by Borrower, any guarantor of this Note, and any party pledging property as security for the repayment of this Note (Pledgor).

2. Principal and Interest. Borrower shall be obligated to repay only that portion of the principal amount which has actually been advanced and not repaid, and interest shall accrue as set forth in this Note on the unpaid outstanding principal balance from date of the advance of such principal until repaid. All advances are subject to the conditions set forth herein and in all other Loan Documents and agreements between the parties hereto.

3. Advances. The advances shall be made pursuant to and subject to the terms and conditions hereof and of the other Loan Documents and agreements between the parties, and if and only if (i) all conditions precedent to an advance have been fulfilled, (ii) there has been no Event of Default which is continuing, and (iii) the aggregate amount of the outstanding unpaid principal on this Note, plus the amount of any prior advances of principal, whether or not repaid, plus the amount of any and all pending requests for an advance, plus the amount of any and all advances in process, plus the amount of any and all advances that have been authorized, plus and crued and unpaid interest and accrued and unpaid late charges, and plus any amounts advanced by Lender on Borrower's behalf, does not exceed the original principal balance of the Note. Borrower, may at any time, and from time to time, pay the outstanding unpaid balance of the Note, or a portion thereof, and all accrued and unpaid interest due. The non-revolving feature of this Note expires on, and no additional advances of principal will be made after, Final Maturity.

4. Continuation of Lien. Lender and Borrower contemplate that by reason of payments of this Note, there may be times when no indebtedness is owing on the Note, but notwithstanding such occurrences, this Note, all liens securing this Note, and the other Loan Documents shall remain in full force and effect unless same be released in writing by Lender, at the request of Borrower or the Pledgor of the property subject to the lien or liens; otherwise this Note and the other Loan Documents and all liens securing same shall remain in full force and effect unless any and all advances, and any other indebtedness of Borrower, regardless of any additional security that may be taken as collateral for the repayment of any future indebtedness, and shall be unaffected by any renewals, extensions, rearrangements, modifications and/or partial releases hereunder.

The indebtedness evidenced by this Note was evaluated, analyzed and ultimately priced based upon (i) Borrower's representation that it would establish and maintain its primary deposit relationship with Lender, and/or (ii) the entire banking relationship between Borrower and Lender. Therefore, (i) if Borrower's primary deposit relationship is not established and maintained with Lender, or (ii) if there is a material adverse change in the deposit relationship between Borrower and Lender, then Lender, in its sole and absolute discretion, may, after ninety (90) days written notice, increase the interest rate charged in connection with this credit

facility by up to 2% above the interest rate as set forth above, as it may float from time to time.

To secure payment of this Note, and, to the extent allowed by law, all other indebtedness which may at any time be owing by the Borrower, or any of them, Borrower hereby grants to Lender a security interest and lien on the following collateral (collectively, the "Collateral"): certain personal property pledged by Borrower and other Collateral.

This Note is referred to in, is subject to, and is entitled to the benefits of, the Construction Loan Agreement dated April 28, 2023, as amended (collectively, the "Loan Agreement") herewith by and among Lender, Borrower, et.al., as that Loan Agreement may be amended, modified, or supplemented from time to time. The Loan Agreement contains, among other things, provisions for the acceleration of the maturity hereof upon the occurrence of certain stated events.

Borrower agrees to take adequate care of the Collateral and to insure the Collateral with a company satisfactory to Lender, for such risks and/or hazards, and in such amounts as Lender directs. If Borrower fails to furnish Lender with proof of required insurance coverage, Lender shall have the authority to purchase insurance (including single interest insurance, which may provide protection only for Lender) and add the premium for such insurance, together with interest at the rate set forth above, to the balance of this Note.

Interest shall be calculated on a 360-day factor applied on a 365-day year or a 366-day year, in the event that the year is a leap year, on the unpaid principal to the date of each installment paid; provided, however, that in the event the interest rate reaches the maximum rate allowed by applicable law, said maximum legal rate shall be computed on a full calendar year 365/365 days basis or on a 366/366 days basis, in the event that the year is a leap year. The interest charged and herein contracted for will not exceed the maximum rate allowed by law.

To the extent allowed by law, any and all matured unpaid amounts will bear interest computed on a full calendar year 365/365 days basis, or on a 366/366 days basis in the event that the year is a leap year, at the maximum legal rate of interest allowed by applicable state law, unless federal law allows a higher interest rate, in which case Borrower agrees to pay the rate allowed by federal law. If applicable state or federal law does not set a maximum rate of interest for matured unpaid amounts, then Borrower agrees that the maximum rate for such amounts shall be eighteen percent (18%) per annum.

To the extent allowed by law, as the late payment charge under this Note, Lender may in its sole discretion (i) increase the interest on the principal portion of any payment amount that is not received by the payment due date to the maximum rate allowed by law, computed on a full calendar year basis from the payment due date until paid, or (ii) should any payment not be made within ten (10) days from the due date, require Borrower to pay a one time "late charge" per late payment equal to five percent (5%) of the amount of the past due principal and interest of such payment, with a minimum of \$10.00 and a maximum of \$1,500.00 per late payment. The "late charge" may be assessed without notice, and shall be immediately due and payable. No late charge will be assessed on any payment which is current and is a full payment of principal and/or interest then due regardless of whether late charge(s) are due for any prior payments. This paragraph is inapplicable if the outstanding indebtedness under the Note is accelerated and/or demanded in full.

Notwithstanding anything contained herein to the contrary, if the Loan is subject to the provisions of 24 Code of Federal Regulations Part 201 (Title 1 Property Improvement and Manufactured Home Loans), then the late charge provisions of this paragraph shall be applicable to the exclusion of any other late charge and/or default interest provisions in any instrument relating to any past due installment of principal and/or interest due under this Note. Borrower agrees to pay to Lender a late charge for installments of principal and interest which are in arrears for fifteen (15) calendar days or more. The late charge shall be in an amount equal to the lesser of: (a) five percent (5%) of each late installment of principal and interest, up to a maximum of \$10.00 per installment for any property improvement loan and \$15.00 per installment for any manufactured home loan, or (b) the maximum amount permitted by applicable federal or state law. The sum of such late charges plus the interest charged under this Note and other charges plus the interest charged under this Note and other charges paragraph is inapplicable if the outstanding indebtedness under this Note is accelerated and/or demanded in full.

The outstanding and unpaid principal of this Note and all accrued and unpaid interest are payable immediately upon demand, or if no demand is made, then such sums are payable as follows:

NUMBER OF PAYMENTS	FREQUENCY	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
13	Monthly	Interest Only	Beginning March, 2024
1	Final	Principal balance plus accrued and unpaid interest	At Final Maturity

#### FINAL MATURITY DATE: April \_\_\_, 2025

Each payment shall be applied as of its scheduled due date and in the order of application as the Lender in its sole discretion may from time to time elect.

All outstanding unpaid principal, all accrued and unpaid interest, and all fees, accrued and unpaid late charges, and/or other charges incurred by, or for the benefit of, Borrower in connection with this Note which remain due and owing on the Final Maturity Date are due and payable on such date.

Lender may, at its discretion, adjust the amount of periodic payments described above to ensure that the remaining payments will fully amortize the principal of this Note by the Final Maturity Date, or, if the payment schedule provides for a Balloon Payment (as hereinafter defined), Lender may adjust the amounts of remaining periodic payments so that the Agreed Amortization Amount (as hereinafter defined) will not be reduced. As used herein, (i) the term "Balloon Payment" means a payment of principal (together with any accrued unpaid interest) required on the Final Maturity Date when the scheduled periodic payments do not fully amortize the principal hereof by the Final Maturity Date, and (ii) the term "Agreed Amortization Amount" means the amount of principal that will be repaid prior to the Final Maturity Date, and (ii) the term "Agreed Amortization Amount" means the amount of principal that will be repaid prior to the Final Maturity Date sasuming all initially scheduled payments are made in a timely manner and the interest rate in effect on the date hereof does not change. Any new monthly payment will be paid from the first monthly payment date after the change date until the amount of the monthly payment changes again.

THIS OBLIGATION HAS THE FOLLOWING DEMAND FEATURE:

At any time, and from time to time, whether prior to and/or during said scheduled payment dates, Lender may, in its sole and

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absolute discretion, reschedule, rearrange and/or accelerate, in whole or in part, the outstanding and unpaid principal balance, and all accrued and unpaid interest and all accrued and unpaid late charges under this Note. Borrower agrees and promises to pay Lender immediately all accelerated unpaid principal and all accrued and unpaid interest on such principal, and all accrued and unpaid late charges. No notice of intent to accelerate shall be required of Lender and Borrower expressly waives any right to notice of Lender's intent to accelerate. The foregoing right to make demand for immediate payment of this Note, in whole or in part, may be exercised by Lender for any reason whatsoever, whether or not Borrower is in default hereunder and in advance of the Final Maturity Date.

THIS OBLIGATION HAS A BALLOON PAYMENT PROVISION:

THIS LOAN IS PAYABLE IN FULL ON THE FINAL MATURITY DATE SET FORTH HEREIN IF NO PRIOR DEMAND HAS BEEN MADE. ON THE FINAL MATURITY DATE YOU MUST REPAY THE ENTIRE OUTSTANDING UNPAID PRINCIPAL BALANCE, ALL ACCRUED AND UNPAID INTEREST, AND ALL FEES, LATE CHARGES, AND/OR OTHER CHARGES INCURRED BY, OR ON BEHALF OF, BORROWER IN CONNECTION WITH THIS LOAN, WHICH REMAIN UNPAID. LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN, OR ANY PORTION THEREOF, AT THAT TIME. YOU WILL THEREFORE BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THIS LENDER, WHICH AGREES TO LEND YOU THE MONEY TO REFINANCE. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN, EVEN IF YOU OBTAIN REFINANCING FROM THIS LENDER.

The occurrence of any of the following events shall constitute an event of default ("Event of Default") under this Note:

(a) Borrower fails to pay any of the indebtedness evidenced by this Note when the same shall become due and payable; or (b) Borrower (i) fails to perform any of Borrower's other obligations under this Note or the other Loan Documents, or any other event of default or breach occurs under this Note or the other Loan Documents, or (ii) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of Borrower's obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Borrower or any other event of default or breach occurs thereunder; or

(c) any (i) statement, representation or warranty made by Borrower in this Note, the other Loan Documents, or in any other agreement between Lender and Borrower, or (ii) any information contained in any financial statement or other document delivered to Lender by or on behalf of Borrower contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made; or

(d) Borrower: (i) dies or becomes physically or mentally incapacitated; or (ii) in the case of a Borrower who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or (iii) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in respect of its creditors generally; or (iv) becomes insolvent or generally does not pay its debts as such debts become due; or (v) conceals, removes, or permits to be concealed or removed, any part of Borrower's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of Borrower's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Borrower's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(e) a trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Borrower for the purpose of enforcing a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

(f) an order (i) for relief as to Borrower is granted under Title 11 of the United States Code or any similar law, or (ii) declaring Borrower to be incompetent is entered by any court; or

(g) Borrower files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (e) or (f) of this paragraph above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or (h) application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Borrower for the purposes of collecting a lawful debt; or

(i) any action or proceeding seeking any appointment or order described in subsections (e) or (f) of this paragraph above is commenced without the authority or consent of Borrower, and is not dismissed within thirty (30) days after its commencement; or (j) Borrower shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Borrower, could materially and adversely affect Borrower's financial position, or could affect Borrower's ability to repay the indebtedness evidenced by this Note, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or

(k) Borrower, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Borrower to repay the indebtedness evidenced by this Note or to properly perform Borrower's obligations under this Note or the other Loan Documents; or

(I) any of the events or conditions described in subsections (d) through (k) of this paragraph above happen to, by or with respect to any pledgor of the Collateral or to any guarantor or other Obligor of the Note; or

(m) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that this Note is inadequately secured, or that the prospect of payment of any of the indebtedness evidenced by this Note or performance of any of Borrower's obligations under the Loan Documents is impaired, or

(n) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Borrower agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.

Upon the occurrence of an Event of Default, Lender may, at its option, without notice to Borrower or any other Obligor except as otherwise expressly agreed by Lender in writing, declare the following amounts (or any portion thereof) at once due and payable (and upon such declaration, the same shall be at once immediately due and payable and may be collected forthwith), whether or not there has been a prior demand for payment and regardless of the stipulated date of maturity: (i) the remaining unpaid principal balance of this Note outstanding, (ii) the accrued and unpaid interest under this Note, (iii) the accrued and unpaid interest under this Note, (iv) any Swap Related Loss Lender is entitled to collect as hereinafter provided, (v) all other sums advanced or otherwise payable under this Note or any other Loan Document and owed by Borrower to Lender and all interest thereon, and (vi) any other indebtedness of Obligor the repayment of which is secured by one or more of the Loan Documents.

Borrower and Lender intend that the loan evidenced by this Note (the "Loan") shall be in strict compliance with applicable usury laws. If at any time any interest contracted for, charged, or received under this Note or otherwise in connection with the Loan would be usurious under applicable law, then regardless of the provisions of this Note or the documents and instruments evidencing, securing or otherwise executed in connection with the Loan or any action or event (including, without limitation, prepayment of

principal hereunder or acceleration of maturity by the Lender) which may occur with respect to this Note or the Loan, it is agreed that all sums determined to be usurious shall be immediately credited by the Lender as a payment of principal hereunder, or if this Note has already been paid, immediately refunded to the Borrower. All compensation which constitutes interest under applicable law in connection with the Loan shall be amortized, prorated, allocated and spread over the full period of time any indebtedness is owing by Borrower and/or of the term of the Loan, whichever is longer, to the greatest extent permissible without exceeding the applicable maximum rate allowed by applicable law in effect from time to time during such period.

IN THE EVENT ANY ITEM, ITEMS, TERMS OR PROVISIONS CONTAINED IN THIS INSTRUMENT ARE IN CONFLICT WITH THE APPLICABLE STATE OR FEDERAL LAW, THIS INSTRUMENT SHALL BE AFFECTED ONLY AS TO ITS APPLICATION TO SUCH ITEM, ITEMS, TERMS OR PROVISIONS, AND SHALL IN ALL OTHER RESPECTS REMAIN IN FULL FORCE AND EFFECT. IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT AND UPON NO CONTINGENCY SHALL THE BORROWER OR ANY PARTY LIABLE HEREON, OR HEREFOR BE REQUIRED TO PAY INTEREST IN EXCESS OF THE RATE ALLOWED BY THE APPLICABLE STATE LAW OR FEDERAL LAW, IF SUCH FEDERAL LAW PERMITS A GREATER RATE OF INTEREST. THE INTENTION OF THE PARTIES IS TO CONFORM STRICTLY TO THE APPLICABLE USURY LAWS AS NOW OR HEREINAFTER CONSTRUED BY THE COURTS HAVING JURISDICTION.

THE BORROWER, ENDORSERS, SURETIES, GUARANTORS AND ALL PERSONS TO BECOME LIABLE ON THIS NOTE (THE "OBLIGORS") HEREBY, JOINTLY AND SEVERALLY, WAIVE EXPRESSLY ALL NOTICES OF OVERDUE INSTALLMENT PAYMENTS AND DEMANDS FOR PAYMENT THEREOF, NOTICES OF INTENTION TO ACCELERATE MATURITY, NOTICES OF ACTUAL ACCELERATION OF MATURITY, PRESENTMENT, DEMAND FOR PAYMENT, NOTICES OF DISHONOR, DISHONOR, PROTEST, NOTICES OF PROTEST, AND DILIGENCE IN COLLECTION HEREOF. EACH OBLIGOR AGREES THAT THE LENDER MAY AT ANY TIME, AND FROM TIME TO TIME, UPON REQUEST OF OR BY AGREEMENT WITH ANY OF THEM, RENEW THIS NOTE AND/OR EXTEND THE DATE OF MATURITY HEREOF OR CHANGE AND/OR REARRANGE THE TIME OR METHOD OF PAYMENTS WITHOUT NOTICE TO ANY OF THE OTHER OBLIGORS, WHO SHALL REMAIN LIABLE FOR THE PAYMENT HEREOF. OBLIGORS WAIVE EXPRESSLY THE LATE FILING OF ANY SUIT OR PRECEDING OR CAUSE OF ACTION HEREON, OR ANY DELAY IN THE HANDLING OF ANY COLLATERAL. OBLIGORS AGREE THAT LENDER'S ACCEPTANCE OF PARTIAL OR DELINQUENT PAYMENTS OR FAILURE OF LENDER TO EXERCISE ANY RIGHT OR REMEDY CONTAINED HEREIN OR IN ANY INSTRUMENT GIVEN AS SECURITY FOR THE PAYMENT OF THIS NOTE SHALL NOT BE A WAIVER OF ANY OBLIGATION OF THE OBLIGORS OR CONSTITUTE A WAIVER OF ANY PRIOR OR SUBSEQUENT DEFAULT. THE LENDER MAY REMEDY ANY DEFAULT WITHOUT WAIVING THE DEFAULT REMEDIED AND MAY WAIVE ANY DEFAULT WITHOUT WAIVING ANY OTHER PRIOR OR SUBSEQUENT DEFAULT.

To the extent allowed by law, as security for this Note and all other indebtedness which may at any time be owing by Borrower (and any endorsers and/or guarantors hereof) to Lender, Borrower (and any endorsers and/or guarantors hereof) grants to Lender (i) a security interest and contractual lien in and to all of the Borrower's (and any such endorser's and/or guarantor's ) collateral securing other indebtedness of Borrower (or of any such endorsers and/or guarantors) to Lender, and (ii) a security interest, contractual lien and contractual right of set-off in and to all of the Borrower's (and any such endorser's and/or guarantor's) money, credits, accounts and/or other property including repurchase agreements and other non-depository obligations, now in, or at any time hereafter coming within, the custody or control of Lender, or any member Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise, excluding however, all IRA, KEOGH and trust accounts upon which the grant of security interest or right of set-off would be prohibited. Every such security interest, lien and right of set-off may be exercised without demand or notice to Borrower (or to any endorsers and/or guarantors hereof). No security interest, lien or right of set-off to enforce such security interest or lien shall be deemed to have been waived by any act or conduct on the part of Lender, or by any failure to exercise such right of set-off or enforce such security interest or lien, or by any delay in so doing. Every right of set-off security interest shall continue in full force and effect until such right of set-off, security interest or lien is specifically waived or released by an instrument in writing executed by Lender. The foregoing provisions of this paragraph are in addition to and not in lieu of any rights of set-off allowed by law.

To the extent allowed by law, in connection with any transaction between Borrower and Lender at any time in the past, present or future, in the event Borrower, individually or jointly with others, has granted or grants Lender a lien on any real and/or personal property, Borrower agrees that the lien on such real and/or personal property, to the extent of Borrower's interest therein, shall also secure the indebtedness of Borrower to Lender evidenced by this Note and all renewals, extensions, rearrangements and modifications hereof. This paragraph is inapplicable to a homestead and/or homestead equity loan in the State of Texas.

If this Note, or any part hereof, is not paid according to its terms, is placed in the hands of an attorney for collection, or is collected through probate, bankruptcy or other judicial or non-judicial proceedings, whether matured by expiration of time or by the exercise of the option given to the Lender to mature it, Borrower and all parties now or hereafter liable hereon hereby agree to pay an additional amount equal to a reasonable and necessary attorney's fees and associated costs for collection. Said attorney's fees and costs of collection, once liquidated and paid by Lender, will bear interest at the rate of interest applied to the matured and past-due principal balance of this Note as such rate may change from time to time from the date advanced by Lender until paid.

Subject to the provisions of this Note pertaining to Swap Transactions as hereinafter set out, Borrower reserves the right to prepay, prior to maturity, all or any part of the principal of this Note without penalty, and interest shall immediately cease on any amount so prepaid. All prepayments shall be applied to the last maturing installments of principal, without interrupting the regular installment payments. Borrower will provide Lender written notice of any prepayment of principal together with such prepayment.

Any assumption, if permitted by Lender, by any other person or persons, partnership, corporation, organization or any other entity without an express written release signed by Lender, shall not release the liability of Borrower or any other Obligors for the payment of this Note.

In the event that the Collateral is sold, conveyed, or otherwise disposed of without the prior written consent of the Lender, the maturity of this Note may, at the option of the Lender, be accelerated and Lender may immediately demand payment of the then outstanding principal sum, together with all accrued and unpaid interest and late charges due thereon.

Borrower shall be obligated to repay only that portion of the principal amount which has actually been advanced and not repaid, and interest shall accrue on the unpaid outstanding principal balance from the date of the advance until paid.

Borrower agrees to provide to Lender, at least on an annual basis, a Financial Statement, a Profit And Loss/Net Income Statement, copies of U.S. Tax Returns, and any other information that may be reasonably requested by Lender.

The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts Page 4 of 9

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having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any portion of the indebtedness under this Note or any instrument executed in connection herewith) are hereby limited by the provisions of this paragraph, which shall override and control all such agreements, whether now existing or thereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any portion of the indebtedness under this Note or any instrument executed in connection herewith), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this paragraph and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

Financing Statements: At Lender's request Borrower will promptly sign all other documents, including financing statements and certificates of title, to perfect, protect, and continue Lender's security interest in the Collateral at the sole cost of Borrower. Borrower hereby authorizes Lender to file a Financing Statement, an Amended Financing Statement and a Continuation Financing Statement (collectively referred to as the "Financing Statement") describing the Collateral. Where Collateral is in the possession of a third party, Borrower will join with Lender in notifying the third party of Lender's security interest and obtaining a Control Agreement from the third party that it is holding the Collateral for the benefit of Lender.

In the event any legal action or proceeding, by arbitration or otherwise, is commenced in connection with the enforcement of, or declaration of rights under, this Note and/or any instrument or written agreement required or delivered under, in connection with, or pursuant to the terms of this Note (collectively, the "Loan Documents"), and/or any controversy or claim, whether sounding in contract, tort or statute, legal or equitable, involving in any way the financing or the transaction(s)evidenced by this Note, or any other proposed or actual loan or extension of credit, the prevailing party shall be entitled to recover reasonable and necessary attorney's fees and paralegal costs (including allocated costs for in-house legal services), costs, expenses, expert witness fees and costs, and other necessary disbursements made in connection with any such action or proceeding, in the amount determined by the fact-finder.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Borrower for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, ad valorem taxes, and attorney's fees. Any sums which may be so paid out by Lender and all sums paid for insurance premiums, as aforesaid, including the costs, expenses and attorney's fees paid in any suit affecting said property when necessary to protect Lender's lien therein shall bear interest from the dates of such payments at the interest rate applied to the matured and past-due principal balance of this Note and shall be paid by Borrower to Lender upon demand, at the same place at which this Note is payable, and shall be deemed a part of the debt evidenced hereby and recoverable as such in all aspects.

Borrower and Lender hereby expressly acknowledge and agree that in the event of a default under this Note, or under any document executed by Borrower in connection with, or to secure the payment of, this Note (1) Lender shall not be required to comply with Article 6132b-3.05(d) of the Texas Revised Partnership Act or Subsection 152.306 of the Texas Business Organizations Code, if applicable, and (2) Lender shall not be required to proceed against or exhaust the assets of Borrower before pursuing any remedy directly against one or more of the partners of Borrower or the property of such partners.

If Borrower is an entity formed under and/or governed by the Texas Business Organizations Code ("BOC") the following shall apply: (i) Notice to known claimants under BOC Section 11.052(a)(2) [or any similar statute of Borrower's domiciliary state if Borrower is not domiciled in the State of Texas] shall not be effective with respect to Lender unless it is delivered by certified mail, return receipt requested and addressed to Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer (ii) to the extent allowed by applicable law, Borrower agrees that BOC Section 11.359 [or any similar statute of Borrower's domiciliary state if Borrower is not domiciled in the State of Texas] shall have no force or effect on the existence or validity of the indebtedness evidenced by the Loan Documents and Borrower hereby waives all rights under said statutory provision, and (iii) in the event any portion of the indebtedness evidenced by the Loan Documents shall be deemed to be extinguished pursuant to the provisions of BOC Section 11.359 [or any similar statute of Borrower's domiciliary state if Borrower is not domiciled on the existence, validity, or enforceability of the Loan Documents other than Lender's ability to obtain a judgment against Borrower for repayment of the extinguished portion of such indebtedness.

Swap Transactions and Swap Related Loss: The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or hereafter entered into between Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial instrument or interest (including one or more options with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transactions, or (iii) any transaction that is similar to any transactions, or (iii) any transaction that is similar to any transactions, or (iii) any transaction that is similar to any transactions, or (iii) any transaction that is similar to any transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender and/or a Lender Affiliate and any party or entity other than Borrower and is entered into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above.

Notwithstanding anything to the contrary contained in this Note or any other Loan Document, during any time that any Swap Transaction is in effect, Borrower shall have no right whatsoever to make any prepayment of all or any part of the principal owing under this Note without Lender's prior written approval, which Lender may grant or withhold in Lender's sole and absolute discretion,

For purposes hereof, "prepayment" shall mean any instance wherein the principal under this Note is satisfied in full or in part in advance and/or in excess of scheduled installments in any manner prior to the Final Maturity Date, whether voluntarily or involuntarily. Prepayment shall include, but not be limited to: (i) payment upon or following acceleration of the maturity of this Note by Lender pursuant to any applicable provision of this Note or any of the other Loan Documents, (ii) any payment of principal made prior to the Final Maturity Date pursuant to any demand provisions of this Note, (iv) payment of principal to Lender by any holder of a subordinate or superior interest in the Collateral, or (v) any payment of principal after the Final Maturity Date is accelerated for any reason permitted hereunder or under any of the other Loan Documents, including, without limitation, any acceleration of the Final Maturity Date is accelerated for any reason permitted hereunder or under any of the Other Loan Documents, including, without limitation, any acceleration of the Sinal Maturity Date resulting from any sale or transfer of the Collateral pursuant to foreclosure, sale under power of sale, judicial order or trustee's sale under the Loan Documents; any payment of principal by sale, transfer or offsetting credit in proceedings under any bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or receivership proceedings under any statute of the United States or any State thereof involving Borrower and/or the Collateral

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In the event of any prepayment during any time that any Swap Transaction is in effect, whether or not approved by Lender, Borrower shall be obligated to pay to Lender upon demand, in addition to all other amounts due and payable to Lender under the Loan Documents at the time of such prepayment, an amount determined by Lender to be the loss, cost and expense incurred by Lender and/or a Lender Affiliate under, related to or arising from such Swap Transaction that is attributable to such prepayment (the "Swap Related Loss"). Lender's determination of the Swap Related Loss incurred by Lender or a Lender Affiliate shall be conclusive and binding upon Borrower absent manifest error.

#### ARBITRATION.

#### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

BORROWER AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) <u>Sending Notice of Dispute.</u> If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) If the Dispute is not Informally Resolved. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "<u>DISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Note, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Borrower, Lender, and each and all persons and entities signing this Note or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Note. Throughout these Arbitration Provisions, the term "you" and "your" refer to Borrower, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.
  - BINDING ARBITRATION. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY

Promissory Note (Rev. 10-11)

(q)

AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).

- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.
- (i) <u>FEDERAL ARBITRATION ACT AND TEXAS LAW</u>. The **PARTIES** acknowledge that this Note evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

#### II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and cost stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

#### III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or

ancillary and/or provisional judicial remedies shall not operate as a waiver of either **PARTY**'s right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The **PARTIES** agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.

- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either **PARTY** (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing **PARTY**. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

# IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) These Arbitration Provisions shall survive any modification, renewal, extension, repayment (whether partial or full), or discharge (whether partial or full) of this Note, unless all of the PARTIES otherwise expressly agree in writing.
- (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY in such litigation to request arbitration pursuant to these Arbitration Provisions within 180 days after the defending PARTY'S receipt of service of judicial process, shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel
- (d) Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
- (e) Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.
- (f) For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) <u>The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.</u>
- (k) Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.

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(I) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

### JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

THE TERM LENDER INCLUDES ANY OTHER OWNER AND HOLDER OF THIS NOTE AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THIS NOTE IS GOVERNED BY TEXAS LAW, EXCEPT TO THE EXTENT THE USURY LAWS OF THE STATE OF TEXAS ARE PRE-EMPTED BY FEDERAL LAW, IN WHICH CASE SUCH FEDERAL LAW SHALL APPLY. VENUE OF ALL ACTIONS ON THIS NOTE, SHALL LIE IN CAMERON COUNTY, TEXAS, AND ALL OBLIGATIONS REQUIRED HEREIN ARE PERFORMABLE IN CAMERON COUNTY, TEXAS.

This Note has been accepted by Lender in the State where Lender is located as set forth in the first paragraph of page 1 hereof.

Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526 ATTN:AI Villarreal

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER ACKNOWLEDGES EXECUTION OF THIS NOTE, AND HAVING READ AND UNDERSTOOD ALL OF ITS PROVISIONS, BORROWER AGREES TO ITS TERMS.

NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT 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.

BORROWER(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

> > By:\_

Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

# SECURITY AGREEMENT



Date	Reference Number	Officer	Initial
 2/ /2024	1080037217	Lee Reed	

#### Pledgor(s): Savannah at Lakeview, LP

#### Lender: International Bank of Commerce

The undersigned Pledgor, owner of Collateral (as hereinafter defined), whether one or more, and International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526. (hereinafter called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

#### SECTION I: Creation of Security Interest.

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Section II of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III below). All such personal property is referred to herein as the "Collateral."

#### SECTION II: Description of Collateral.

- 1. The security interest is granted in, among other personal property, the following Collateral:
  - a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

All assets of Pledgor, whether now owned or hereafter acquired, including, without limitation, as described on Attachment I, attached hereto and incorporated herein for all purposes.

The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)

2 The above timber is standing on: (describe real estate; attach additional sheet if needed)

- 3 The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)
- c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the realty).

The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

- d All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unborn young of animals and poultry.
- e All property similar to the Collateral described in Section II.1.a. above, hereafter acquired by Pledgor.
- f All proceeds, products, and profits of the Collateral described in Section II.1.a. are included. Coverage of products and proceeds for financing statement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, lease, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral, except in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the real estate, or other matters are incorporated in and made a part of this instrument.

g Location where Collateral is to be kept: As Approved By Lender In Its Sole Discretion.

2. Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Code of the state where Lender is located (together with the Official Comments thereto referred to herein as the "Code"):

	Consumer Goods		Farm Products
X	Equipment (business use)	X	General Intangibles
	Equipment (farm use)	x	Inventory
x	Investment Property	x	Chattel Paper
X	Instruments	x	Letter-Of-Credit Rights
x	Accounts		Supporting Obligations
X	Deposit Accounts		Liens on Government Assets
X	Commercial Tort Claims		Sales of Payment Intangibles or Promissory Notes
	Agricultural Liens		

And to the extent not listed above as original Collateral all proceeds and products of the foregoing.

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

- If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described in Section II.1.a., or Lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the 3. Collateral. To the extent Pledgor uses the Indebtedness to purchase Collateral, Pledgor's repayment of the Indebtedness shall apply on a "first-in-first-out" basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the Pledgor purchased the Collateral.
- 4. If any of the Collateral is accounts, give the location of the office where the records concerning them are kept (if other than Pledgor's address set forth on page 1 hereof):
- 5. "Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for \_ against

#### SECTION III: INDEBTEDNESS

This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"):

Any and all indebtedness, liabilities and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinafter defined) to Lender, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising, as to outstanding and unpaid principal, accrued and unpaid interest, accrued and unpaid late charges, attorneys' fees, collection costs, and all other sums owing by Pledgor, or any of the undersigned if more than one, and/or Borrower, including but not limited to the indebtedness evidenced by the following described promissory note (the "Note"):

Real Estate Lien Note/Promissory Note dated the February \_\_\_, 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars And No Cents (\$3,500,000.00), executed by Savannah at Lakeview, LP and delivered to Lender, together with all renewals, extensions, modifications, refinancing, consolidations and substitutions thereof.

#### and further without limitation to:

- A. any and all commercial loan or indebtedness;
- Β. any and all credit card or other consumer type of loan;
- C. any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.);
- any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations D. described in this Section III;
- any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III; E.
- F. any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letters of credit transactions; any and all indebtedness, however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or G. other items, or by any other manner or form;
- any and all other indebtedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created Η. and/or arising, and regardless of how evidenced or arising;
- 1.
- any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III; any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in this Section III, and maintain and preserve the Collateral, including without limitation, all taxes, assessments, attorneys' fees and legal J. expenses, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M.
- N.
- the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any financial institution affiliated with International BancShares Corporation arising under 0. or in connection with any Swap Transaction. The term "Swap Transaction", as used herein, means (i) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial institution affiliated with International BancShares Corporation which is a rate swap, swap option, interest rate option, or other financial instrument or interest (including an option with respect to any such transaction), or (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or (iii) any combination of the transactions described in clause (i) or (ii) above: and
- P. any of the foregoing that arises after the filing of a petition in bankruptcy by or against Pledgor or Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code or otherwise.

As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents" means, collectively, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered to Lender in connection with the Note.

To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced by notes, open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes.

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The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such Indebtedness, or the type of collateral covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity line of credit loans.

Notices: Notices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address as set out on page 1 hereof [Attn:AI Villarreal], and (ii) if to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the address of Pledgor set forth on page 1 hereof; provided, however, actual notice to Pledgor, however given or received, shall always be effective when given or received. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed, on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for notice in the manner set forth in this paragraph.

#### SECTION IV: PERFECTION OF SECURITY INTERESTS.

#### 1. Filing Of Financing Statements.

- (i) Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereof (collectively referred to as the "Financing Statements", whether one or more) describing the Collateral, as Lender deems necessary, in its sole discretion, to evidence and/or perfect its rights under this Security Agreement.
- (ii) Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender.
- (iii) Lender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (in Lender's opinion) State (the "SOS Reports") indicating that Lender's security interest is prior to all other security interests or other interests reflected in the report.

#### 2. Possession.

- (i) Pledgor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender chooses to perfect its security interest by possession only, or in addition to the filing of Financing Statements.
- (ii) Where Collateral is in the possession of a third party, Pledgor will join with Lender in notifying the third party of Lender's security interest and obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the extent necessary to perfect Lender's security interest in the Collateral.

3. Control Agreements. Pledgor will cooperate with Lender in obtaining a Control Agreement in form and substance satisfactory to Lender with respect to Collateral consisting of:

- (i) Deposit Accounts,
- (ii) Investment Property,
- (iii) Letter-Of-Credit Rights, and
- (iv) Electronic Chattel Paper.

4. Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender indicating that Lender has a security interest in the Chattel Paper.

#### SECTION V: Pledgor's Representations, Warranties, and Agreements.

#### A. General Representations and Warranties.

Pledgor represents, warrants and agrees that:

- (1) Pledgor has full power and authority to enter into this Security Agreement; this Security Agreement has been duly authorized, executed and delivered by Pledgor and constitutes the valid and binding obligation of Pledgor enforceable in accordance with its terms. No consent of third parties, license, authorization or filing with any governmental authority is required to be obtained or performed in connection with the execution, delivery, and performance of this Security Agreement.
- (2) All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid, and genuine.
- (3) Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, restriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due.
- (4) No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any Financing Statements covering any of the Collateral or the proceeds thereof to hereafter be on file in any public office except as may be filed pursuant to this Security Agreement.
- (5) Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lender's request, (i) financial information, including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be requested by Lender; (ii) an appraisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required by Lender in connection with the Indebtedness or the Collateral.
- (6) Pledgor will not use the Collateral or permit the Collateral to be used in violation of any statute, ordinance or other law or inconsistently with the terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Collateral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collateral may be located without being guilty of and/or held liable for trespass. Pledgor will furnish to Lender upon request all pertinent information recarding the Collateral.
- (7) The Collateral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession of the Collateral, and shall be kept at the location set forth in Section II.1.g. hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in writing in advance of its removal to another location.
- (8) Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, Lender at its option, but without any obligation, may pay any of them, and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof.
- (9) Pledgor shall maintain at all times property insurance upon all Collateral with coverage for perils as set forth under the ISO Causes of Loss Special Form (formerly "all-risk"), with coverage extended for the perils of flood if the Collateral is situated in a flood-prone area, in an amount equal to the full insurable replacement cost. Pledgor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Lender. If available, federal flood insurance is also required if the Collateral is situated in a flood-prone area. The property insurance policy shall also contain a standard mortgagee's endorsement providing for payment of any loss to Lender. All policies of insurance shall provide that Lender shall receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof.

Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coverage will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each policy.

Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebtedness, whether the Indebtedness is then due or not. Lender may, in its sole discretion, purchase single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore shall become part of the Indebtedness secured hereby as provided below.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Pledgor for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, (including single interest insurance described above), taxes and other charges described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collateral. Any such sums which may be so paid by Lender shall become part of the Indebtedness secured by this Security Agreement, shall bear interest from the dates of such payments until paid (i) at the loan contract interest rate applied to the unmatured principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate, and shall be due, together with any accrued and unpaid interest thereon, upon demand by Lender.

TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO (i) KEEP THE COLLATERAL INSURED AGAINST DAMAGE IN THE AMOUNT SPECIFIED HEREIN; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER OR OTHERWISE AS PROVIDED HEREIN; AND (iii) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN; (B) SUBJECT TO THE PROVISIONS HEREOF, PLEDGOR MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THEPAYMENT OF PREMIUMS; AND (C) SUBJECT TO THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPARTS (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF PLEDGOR AT PLEDGOR'S EXPENSE.

- (10) Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Agreement.
- (11) Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender.
- (12) Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SOS Reports and governmental certificates and all filing fees, continuation fees, and fees for certificates of good standing and other information required by Lender.
- (13) Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, including, but not limited to feed, rent, storage costs, and expenses of sale.
- (14) If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to adequately secure the Indebtedness, or should Lender deem itself insecure as to payment of the Indebtedness, then Lender may call for additional property to be pledged and/or covered by this Security Agreement satisfactory to Lender.
- (15) If any Collateral or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform in all respects to applicable state and federal consumer credit and/or protection laws.
- (16) In the event Pledgor or any other person or persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or the enforcement of Lender's rights in the Collateral, Pledgor hereby agrees to give written notice to the President of Lender, at the address of Lender set forth in the first paragraph of this Security Agreement, or such other person or address as Lender may designate in writing to Pledgor, two business days prior to seeking any such injunctive relief.
- (17) As additional security for the Indebtedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual right of set-off in and to all of the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time hereafter coming within, the custody or control of Lender or any member Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off may be exercised without demand or notice to Pledgor. No security interest, lien or right of set-off shall be deemed to have been waived by any act or conduct on the part of Lender, or any failure to exercise such right of set-off or to enforce such security interest or lien, or by any delay in so doing. Every right of set-off security interest and lien shall continue in full force and effect until such right of set-off, security interest or lien specifically waived or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in lieu of any rights of set-off allowed by law. This subsection (17) does not apply to homestead equity, and/or homestead equity line of credit loans.
- (18) Pledgor shall assist Lender in complying with the Federal Assignment of Claims Act (and any successor statutes) and similar laws to enable Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender of any change occurring in or to the Collateral, or in any fact or circumstances warranted or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs.
- (19) Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
- (20) All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the Note).
- (21) Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is located, and shall notify Lender upon receipt of any notice or other information as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws. Pledgor agrees to indemnify, defend and hold Lender harmless from and against any breach of the foregoing and all losses, costs, fines and damages, including court costs and attorney's fees, incurred by Lender to defend itself, or to protect or preserve the Collateral against environmental risks, hazards, fines, and other claims relating to the Collateral.

#### (22) Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full:

 (a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;

- ) change the state of its incorporation, organization or registration;
- (c) change its name:
- (d) change the address and/or location of its Chief Executive Office (as defined in the Code); or

(e) file any instrument attempting to amend or terminate any Financing Statements, including without limitation a UCC-3 amendment or termination form.

- (23) Pledgor has the risk of loss of the Collateral.
- (24) Lender has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

#### B. Special Representations and Warranties.

Pledgor represents warrants and agrees that:

- (1) If the Collateral includes inventory:
  - (a) Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a first-priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price. Pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written consent of Lender.
  - (b) Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract of service any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall not be inconsistent with any other provisions of this Security Agreement or with the terms or conditions of any policies of insurance thereon. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.
- (2) If the Collateral includes accounts:
  - (a) Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by any instrument or chattel paper.
  - (b) The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof.
- (3) If the Collateral includes instruments, chattel paper or documents:
  - (a) By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement will also constitute Pledgor's instruction to deliver to Lender cartificates or other evidence of the Collateral as soon as it is available. Pledgor will immediately deliver to Lender all chattel paper and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and either endorse it to Lender's order or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender by Pledgor will render's order or accompanied by appropriate executed powers.
  - (b) By means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if any, included in Collateral.
- (4) If the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the laws of any jurisdiction, issued or outstanding with respect to the Collateral or any part thereof, Pledgor will promptly advise Lender thereof, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and if any certificate of title or similar document is so issued or outstanding at the time this Security Agreement is executed by or on behalf of Pledgor, then Pledgor shall have caused the interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any such certificate of title or similar document issued or outstanding at any time with respect to such Collateral.
- (5) To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a lien entry form.
- (6) If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the Code upon such of the Collateral which is or may become fixtures.
- (7) Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.
- (8) All Collateral consisting of goods is located solely in the state and/or states previously designated and warranted by Pledgor to Lender.
- (9) Pledgor's:
  - (a) chief executive office is located in the state previously designated and warranted by Pledgor to Lender;
  - (b) state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and (c) exact legal name is as set forth on page 1 of this Security Agreement.

#### SECTION VI: EVENTS OF DEFAULT.

Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or
- (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan Documents, or any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Pledgor or Borrower or any other event of default or breach occurs thereunder; or
- (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control agreement (if applicable), or in any other agreement between Lender and Borrower or Pledgor, or (b) any information contained in any financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a material fact or ormits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made; or
- (4) Pledgor:
  - (a) dies or becomes physically or mentally incapacitated; or
  - (b) in the case of a Pledgor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or
  - (c) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in respect of its creditors generally; or
  - (d) becomes insolvent or generally does not pay its debts as such debts become due; or
  - (e) conceals, removes, or permits to be concealed or removed, any part of Pledgor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Pledgor for the purpose of enforcing

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a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

- (6) An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be incompetent is entered by any court; or
- (7) Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or
- (8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor for the purposes of collecting a lawful debt; or
- (9) Any action or proceeding seeking any appointment or order described in subsections (5) or (6) above is commenced without the authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or
- (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Pledgor, could materially and adversely affect Pledgor's financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or
- (11) Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Pledgor to repay the Indebtedness or to properly perform Pledgor's obligations under this Security Agreement or the other Loan Documents; or
- (12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (if Borrower and Pledgor are not the same).
- (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that the Indebtedness is inadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of Pleddors's or Borrower's obligations under the Loan Documents is impaired.
- (14) To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Pledgor and/or Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.
- (15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- (16) The Collateral becomes, in the judgment of Lender, unsatisfactory, or insufficient in character or value.
- (17) The occurrence of any environmentally hazardous spill, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event occurs on such premises or on other premises.
- (18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements, income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information requested by Lender.

reasonably

#### SECTION VII: LENDER'S RIGHTS AND REMEDIES.

A. General.

Lender may exercise the following rights and remedies either before or after an Event of Default:

- (1) Lender may take control of any proceeds of the Collateral.
- (2) Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise.
- (3) Lender may take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance.
- (4) Lender may require that Pledgor from time to time, in Lender's discretion, take any action and execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Security Agreement including, without limitation, (a) ask, demand, collect, sue for, recover, compound, receive and give receipts for monies due and to become due under or in respect of any Collateral; (b) receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with the actions described in preceding clause (a); and (c) file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable (or collection of any of the Collateral or otherwise to enforce its rights with respect to any of the Collateral. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Pledgor's appointment of Lender as Pledgor's agent is coupled with an interest and will survive any disability of Pledgor.
- (5) This Security Agreement, Lender's rights hereunder and/or the Indebtedness hereby secured may be assigned by Lender in whole or in part from time to time, and in any such case Lender shall be fully discharged from all responsibility with respect to the Collateral so assigned and the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Lender to the extent the same are assigned, and Pledgor will assert no claim or defenses Pledgor may have against Lender against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee any claims, defenses or set-offs which Pledgor could assert against Lender except defenses which cannot be waived.
- (6) Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the Collateral, and Pledgor shall assist the Lender in making any such inspection.
- (7) Lender may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to Pledgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify information furnished by Pledgor.
- (8) Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral.
- (9) Lender may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such percentage.
- (10) Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion any instrument of Collateral in its possession unless it shall have received from Pledgor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.
- (11) Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender may release, modify or waive any collateral provided by any other person to secure any of the Indebtedness, all without affecting Lender's rights against Pledgor. Pledgor waives any right it may have to require Lender to pursue any third person for any of the Indebtedness.

- (12) Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral.
- (13) If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Pledgor shall be credited with the proceeds of the sale.
- (15) Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of:
  - (i) the Note,
  - (ii) any of the other Indebtedness, or
  - (iii) any other obligation owed to Lender by Pledgor or any other person.
- (16) This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Pledgor to this Security Agreement.
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

The foregoing rights and powers of Lender will be in addition to, and not a limitation upon, any rights and powers of Lender given by law, elsewhere in this Security Agreement, or otherwise.

#### B. Remedies in Event of Default

During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the Code or by this Security Agreement, including the following:

- (1) require Pledgor to deliver to Lender all books and records relating to the Collateral;
- (2) require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;
- (4) sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a Lender under Articles 2 and 9 of the Code after giving notice as required by those articles; unless the Collateral threatens to decline rapidly in value, is perishable, or would typically be sold on a recognized market, Lender will give Pledgor reasonable notice of any public sale of the Collateral or of a time after which it may be otherwise disposed of without further notice to Pledgor; and in this event notice will be deemed reasonable if it is mailed, postage prepaid, to Pledgor at the address for Pledgor set forth on page 1 of this Security Agreement at least ten days before any public sale or ten days before the time when the Collateral may be sold by private sale or otherwise disposed of without further notice to Pledgor. Pledgor authorizes Lender to disclaim or modify any and all warranties set forth in the Code and stipulates and agrees that such a disclaimer and/or modification will not render any sale of the Collateral or any portion thereof by Lender commercially unreasonable.
- (5) surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- (7) if disposition of the Collateral leaves any portion of the Indebtedness unsatisfied, collect the deficiency from all liable parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Lender's reasonable attorney's fees and legal costs and/or expenses, and Pledgor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable law;
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;
- (9) Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender and in such order of application as the Lender may from time to time elect, any property, balances, credits, deposits, accounts or monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depository institution of International Bancshares Corporation; and/or
- (10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other prior or subsequent Event of Default.

#### SECTION VIII: ADDITIONAL AGREEMENTS.

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement. Information concerning this security interest may be obtained at the office of Lender set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither extensions nor increases of any of the Indebtedness nor releases of any of the Collateral shall affect the validity of the security interest hereby created with reference to Pledgor or any third party. Pledgor specifically waives all suretyship type defenses. Additionally, foreclosure of the security interest hereby created by lawsuit does not limit Lender's remedies, including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all remedies at the same or different times and no remedy shall be a defense to any other. Lender shall have all rights and remedies granted by law or otherwise in addition to those provided in this Securit.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies shall waive further exercise of those remedies or rights. The failure of Lender to exercise any remedies or rights does not waive subsequent exercise of those remedies or rights. Any waiver by Lender of any Event of Default shall not waive any further Event of Default. Lender may remedy any Event of Default without waiving it. Lender's waiver of any right in this Security Agreement or any Event of Default is binding only if in writing.
- (5) Pledgor and Lender intend that the Indebtedness shall be in strict compliance with applicable usury laws. If at any time interest contracted for, charged or received under any Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be usurious under applicable law, then regardless of the provisions of this Security Agreement or any other documents or instruments evidencing, securing or otherwise executed in connection with any Indebtedness secured by this Security Agreement, or any action or event (including, without limitation, prepayment of principal of any Indebtedness or acceleration of maturity of any Indebtedness by Lender) which may occur with respect to any of the Indebtedness, it is agreed that all sums determined to be usurious shall be immediately credited by Lender to Pledgor or Borrower, as the case may be, as a payment of principal under the Indebtedness or if the Indebtedness has already been paid, immediately refunded to Pledgor or Borrower, as the case may be. All compensation which constitutes interest under applicable law in connection with any Indebtedness secured by this Security Agreement shall be amortized,

prorated, allocated, and spread over the full period of time any of the Indebtedness is owed by Pledgor or Borrower, as the case may be, to the greatest extent permissible without exceeding the applicable maximum rate allowed by applicable law in effect from time to time during such period.

- (6) Lender may perform any obligation which Pledgor fails to perform and Pledgor agrees on demand to reimburse Lender immediately for any sums so paid by Lender, including attorneys' fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for matured, unpaid amounts. Any sum to be reimbursed shall constitute Indebtedness and be secured by this Security Agreement. [See Section V, A. (9) for insurance reimbursements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and shall be construed and enforced in accordance with the laws of such State, except to the extent that the Code provides for the application of the law of a different state. When the context requires, singular nouns and pronouns include the plural. The rights of Lender under this Security Agreement shall inure to the benefit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any part of the Collateral will fully discharge Lender from any and all responsibility for that portion of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is more than one person or entity, all their representations, warranties and agreements are joint and several. If any part of this Security Agreement is unenforceable, the unenforceability of such provision will not affect the enforceability of any other provision hereof and all other provisions will constitute valid provisions.
- (9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

SECTION IX: ARBITRATION

I.

#### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

PLEDGOR AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) Informal Resolution of Customer Concerns. Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) <u>Sending Notice of Dispute.</u> If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) <u>If the Dispute is not Informally Resolved</u>. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "<u>DISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tori, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equily.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "<u>PARTIES</u>" or "<u>PARTY</u>". As used in these Arbitration Provisions, the term "**PARTIES**" or "**PARTY**" means Pledgor, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the **PARTIES** as part of this transaction. "**PARTIES**" or "**PARTY**" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refer to Pledgor, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the **DISPUTE** is arbitrated.
- (g) <u>BINDING ARBITRATION</u>. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).
- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUGINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL

BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.

FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

#### Provisions applicable only to a CONSUMER DISPUTE:

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- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

#### III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either PARTY's right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The PARTIES agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.
- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing PARTY. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
  - If a PARTY initiates legal proceedings, the failure of the initiating **PARTY** to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating **PARTY**'s right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending **PARTY**'s receipt of service of request arbitration pursuant to these Arbitration Provisions within 180 days after the defending **PARTY**'s receipt of service of judicial process shall be deemed a waiver of the right of the defending **PARTY** to compel arbitration with respect to the claims

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asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.

Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.

Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.

For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.

The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.

- Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding (h) under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
  - If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration (k) proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.
- (I) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

# JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following obligations of Pledgor and/or Borrower are secured by this Agreement and constitute "Indebtedness", as that term is used in this Agreement: (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in the Note) that becomes due and payable in accordance with the terms of the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial instrument or interest (including one or more options with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender and/or a Lender Affiliate and any party or entity other than Pledgor and/or Borrower and is entered into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower arising under or with respect to any Swap Transaction shall constitute an Event of Default under this Security Agreement.

# SECTION XI. Miscellaneous.

- Security Interest Absolute. All rights of the Lender and the security interests created hereunder shall be absolute and unconditional irrespective (a) of:
  - any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other (i) amendment or waiver of or any consent to any departure from the Note or any other Loan Document;
  - any exchange or release or nonperfection of all or any part of the Collateral or any other collateral, or any release from, amendment to, waiver of or consent to departure from any guaranty for all or any of the Indebtedness; or (ii)
  - (iii) to the fullest extent permitted by law, any other circumstances which might otherwise constitute a defense available to or a discharge of the Pledgor or Borrower or a third party pledgor. reasonable

(b) <u>Indemnification</u>. The Pledgor agrees to indemnify and defend the Lender and hold the Lender harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind of nature whatsoever which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any way arising out of or in connection with this Security Agreement, the Loan Documents or the transactions contemplated hereby or thereby other than those arising out of the Lender's breach, default, negligence or willful misconduct in its obligations under this Security Agreement or the Loan Documents. Without limitation of the foregoing, the Pledgor will reimburse the Lender for all expenses (including expenses for legal services of every kind) of, or incidental to, the negotiation of, entering into and enforcement of any of the provisions hereof and of the Indebtedness, and any actual or attempted sale, lease or other disposition of, and any exchange, enforcement, collection, compromise or settlement of any of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, and for the care of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, by litigation or otherwise, including expense of insurance, and all such expenses shall constitute a part of the Indebtedness.

This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This Agreement has been accepted by Lender in the State where Lender is located.

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(d) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

(e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such payments until paid (i) at the rate of interest applied to the matured and past due principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate.

(f) To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and any and all repurchase agreements or other non-deposit obligations, also secure the Indebtedness.

(g) This Security Agreement constitutes written notice of a security interest if required by applicable law.

(h) PLEDGOR HAS READ AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HAS AGREED TO ITS TERMS

#### SECTION XII: NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Dated: February \_\_\_, 2024

PLEDGOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

> > Ву:\_\_\_\_

Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

### SECURED PARTY:

International Bank of Commerce

By:

Name: Lee Reed Title: President

# ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## PART 1

#### Definitions

Section 1.1 <u>Terms Defined in UCC.</u> Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein.</u> As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

"Copyrights" means all of the Pledgor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

"Investment Property" has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

IBC – SAVANNAH AT LAKEVIEW, LP 2024

"Licenses" means all of the Pledgor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Pledgor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereof, (c) rights to sue for past, present, and future present, and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof, engines, and/or licenses.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

"Patents" means all of the Pledgor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

<sup>"Person"</sup> means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

"<u>Receivables</u>" means all property now or hereafter owned or acquired by the Pledgor which constitutes Accounts, Chattel Paper, Documents, Investment Property, Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

## "Security" has the meaning specified in Article 8 of the UCC.

"Stock Rights" means all dividends, instruments, or other distributions and any other right or property which the Pledgor shall receive or shall become entitled to receive for any for any reason whatsoever with respect to, in substitution for or in exchange for any fluity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Pledgor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

#### "Supporting Obligations" has the meaning specified in Article 9 of the UCC.

"Trademarks" means all of the Pledgor's right, title, and interest in and to (a) trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or bleensor, (c) renewals of the foregoing, (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, or hereafter due or payable with respect thereto, including, without limitation, damages, present, and payments for past and future infringements thereof, (e) rights to sue for past, involving claims, and demands for royalties owing, and (f) rights corresponding to antis to suct for past, the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) rights corresponding to any of the foregoing throughout the world.

"UCC" means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

#### ATTACHMENT I TO SECURITY AGREEMENT RECARDING ASSETS

IBC – SAVANAAA AT LAKEVIEW, LP 2024
## PART 2

# Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Pledgor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Pledgor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Pledgor, and regardless of where located, including without limitation, all:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (y) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(o) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.



International Bank of Commerce

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lsitinl	Officer	Reference Number		916C		

Pledgor(s): Rise Residential Construction, LP

sufficiency of which is hereby acknowledged, agree as follows:

Lender: International Bank of Commerce

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The undersigned Pledgor, owner of Collateral (as hereinafter defined), whether one or more, and International Bank of Commerce, 1600 Ruben Torres Blvd., Brownsville, Texas 78526 (hereinafter called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and enterination of the period of the period of across of follows:

SECTION I: Creation of Security Interest.

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Section II of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III of the Secure of the Secure of the Indebtedness (described in Section III of the Secure of the

SECTION II: Description of Collateral.

1. The security interest is granted in, among other personal property, the following Collateral:

a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

Reference is hereby made for all purposes to that certain lawsuit styled Savannah at Lakeview, LP, and Rise Residential Construction, LP v. Oncor Electric Delivery Company LLC, et.al.; Cause No. DC-22-16947, in the 68th Judicial District of Dallas County, Texas, filed December 9, 2022 (the "Litigation").

All rights, title, and interest in any proceeds, damages, money, settlements, and/or judgments awarded to Pledgor arising from or in relation to Pledgor's causes of action, claims, and rights to recovery it may now have or later possess in the Litigation, including any later filed causes of action, claims, and rights to recovery in the same Litigation.

b 1 The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)

2 The above timber is standing on: (describe real estate; attach additional sheet if needed)

3 The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)

c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the reality).

The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unborn young of animals and poulity.

All property similar to the Collateral described in Section II.1.a. above, hereafter acquired by Pledgor.

All proceeds, products, and profits of the Collateral described in Section II.1.a. are included. Coverage of products and proceeds for financing statement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, tesse, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral, except in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the real estate, or other in accordance with the provisions of this Security Agreement.

Location where Collateral is to be kept: as approved by Lender in its sole discretion.

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### Page 2 of 10

Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address as set out on Notices: Notices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to

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covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity line of credit The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such indebtedness, or the type of collateral

open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes.

To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced by notes,

connection with the Note.

As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents" means, collectively, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered to Lender in

Code of otherwise.

any of the foregoing that arises after the filing of a petition in bankruptcy by or against Pledgor or Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy .Ч

- (i) shove that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or (iii) any combination of the transactions described in clause (i) or (ii) above; and (including an option with respect to any such transaction), or (ii) any type of transaction that is similar to any transaction referred to in clause respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial institution affiliated with International BancShares Corporation which is a rate swap, swap option, interest rate option, or other financial instrument or interest connection with any Swap Transaction. The term "Swap Transaction", as used herein, means (i) any transaction (including an agreement with without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or BancShares Corporation and/or limiting the Pledgor and/or BancShares Corporation and/or limiting the Pledgor and/or BancShares and/or
  - 0 the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
    - 'N W

      - the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code); K.
      - and expenses of sale;
- any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in this and anilism and preserve the Collateral, including without limitation, all taxes, assessments, attorneys' fees and legal expenses, and another the collect the collect the collect the indeptedness described in this and another the collect the indeptedness described in this and another the collect the context of the collect the indeptedness described in the collect the indeptedness described in the collect the indeptedness described in the collect the context of the collect the ٦. 'n
- regardless of how evidenced or arising; any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III; jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and
- items, or by any other manner or form; any and all other indeptedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares Corporation Ή
- any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letters of credit transactions; any and all indebtedness, however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or other litens, or by any other manners or form: .9

  - шц any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III; 'III UODOOS SIULUI
- any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations described D.
  - .Э
    - any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.); any and all credit card or other consumer type of loan;
      - .8
      - any and all commercial loan or indebtedness;

and further without limitation to:

Real Estate Lien Note/Promissory Note dated the \_\_\_\_\_\_day of February 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars and No Cents (\$3,500,000,00), executed by Savannah at Lakeview, LP and delivered to Lender, together with all renewals, extensions, modifications, refinancing, consolidations and substitutions thereof.

indebtedness evidenced by the following described promissory note (the "Note"):

Leader, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or ansing, and regardless of how evidenced or ansing, as to outstanding and unpaid principal, accured and unpaid interest, accrued and unpaid late charges, attorneys' fees, consistent and interest accurated or the undersigned if more than one, and/or Borrower, including but not limited to the independenced outstand that for sums owing by Pledgor, or any of the undersigned if more than one, and/or Borrower, including but not limited to the independenced outstand that the following the presence of any of the undersigned if more than one, and/or Borrower, including but not limited to the Any and all indebtedness, liabilities and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinatier defined) to

This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"):

SECTION III: INDERTEDNESS

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"Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for

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set torth on page 1 hereot): If any of the Collateral is accounts, give the location of the office where the records concerning them are kept (if other than Pledgor's address

Pledgor purchased the Collateral.

basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the in Section II.1.a., or Lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the Collateral. To the extent Pledgor uses the Indebtedness shall apply on a "first-in-first-out" If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

And to the extent not listed above as original Collateral all proceeds and products of the toregoing.

]		Agricultural Liens		
]		Commercial Tort Claims	Sales of Payment Intangible	or Promissory Notes
]		Deposit Accounts	Liens on Government Asset	
]	X	struocoA	snoitsgildO gnittoqqu2	
]	X	stramıstra	Letter-Of-Credit Rights	
]		Investment Property	Chattel Paper	
]		(əsu məî) înəmqiup∃	Ιυνευτοιλ	
]		(əsu ssənisud) triəmqiup∃	Seneral Intangibles	
]		Soods as a coods	Farm Products	

Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Code of the state where Lender is located (together with the Official Common state or terred to herein as the "Code"): 5.

notice in the manner set torth in this paragraph. set forth on page 1 hereof; provided, however, actual notice to Pledgor, however given or received, shall always be effective when given or received. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed, on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for motion in the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for provide in the date such notice in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for the date such notice in the test or the date such notice in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for the date such notice in the test or the date such and the date of the date page 1 hereof [Attn: AI Villarreal], and (ii) if to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the address of Pledgor

### SECTION IV: PERFECTION OF SECURITY INTERESTS.

#### Filing Of Financing Statements. .1

- referred to as the "Financing Statements", whether one or more) describing the Collateral, as Lender deems necessary, in its sole discretion, to verdence and/or perfect its rights under this Security Agreement. Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereof (collectively (!)
- enected in the report. (in Lender's opinion) State (the "SOS" Reports") indicating that Lender's security interest is prior to all other security interests or other interests Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender. Pender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (111) (11)

#### Possession. 5.

- to bettect its security interest by possession only, or in addition to the filing of Financing Statements. Pledgor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender chooses (1)
- obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the extent necessary to perfect Lender's security interest in the Collateral. (ii)
- respect to Collateral consisting of: Control Agreement in form and substance satisfactory to Lender in obtaining a Control Agreement in form and substance satisfactory to Lender with 3'

- Deposit Accounts, (į)
- etter-Of-Credit Rights, and (111) Investment Property, (11)
- Electronic Chattel Paper. (1)

indicating that Lender has a security interest in the Chattel Paper. Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender 't

### SECTION V: Pledgor's Representations, Warranties, and Agreements.

### General Representations and Warranties.

Hedgor represents, warrants and agrees that:

- execution, delivery, and performance of this Security Agreement. third parties, license, authorization or filing with any governmental authority is required to be obtained or performed in connection with the Pledgor has full power and authority to enter into this Security Agreement; this Security Agreement has been duly authorized, executed and delivered by Pledgor and constitutes the valid and inding obligation of Pledgor enforceable in accordance with its terms. No consent of (1)
- All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior to, contemporation supplied and statement to the execution of this Security Agreement are and shall be true, correct, complete, valid, and (z)
- restriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due. Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, (2)
- to this Security Agreement. provide the second and or the Collateral or the proceeds thereor to hereatter be on the in any public office except as may be med pursuant No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any Financing (+)
- requested by Lender: (ii) an appraisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required by Lender in connection with the Indebtedness or the Collateral. including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lenders request, (i) financial information, (g)
- Collateral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collateral may be located without being guility of and/or held liable for trespass. Pledgor will furnish to Lender upon request all pertinent information regarding the he terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Pledgor will not use the Collateral to Collateral to be used in violation of any statute, ordinance or other law or inconsistently with (9)
- advance of its removal to another location. the Collateral, and shall be kept at the location set forth in Section II.1.9. hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in writing in The Collateral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession of  $(\underline{1})$
- shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof. Lender st its option, but without any obligation, may pay any of them, and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indeptedness secured by this Security Agreement and Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, (8)
- receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof. insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Lender. If available, federal flood insurance policy shall also contain a flood-prone area. The property insurance policy shall also contain a standard more policy and in the Collateral is situated in a flood-prone area. The property insurance policy shall also contain a standard more policy and the property insurance shall priority insurance policy shall also contain a standard more policy and the property insurance policy shall also contain a standard more policy and the property insurance shall priority insurance policy shall also contain a standard more policy and the property insurance policy shall also contain a standard more policy and the property insurance shall priority insurance policy and the property insurance shall priority insurance policy and the provider shall also contain a standard more policy and the provider shall also contain a standard more policy and the provider shall priority insurance shall priority insurance shall priority insurance shall priority and the provider shall also contain a standard more policy and the provider shall priority insurance shall priority insurance shall priority insurance shall priority insurance shall be priority instrument of the priority insurance shall be priority of the priority instrument of the priority such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Such Special Form (formetly "all-risk"), with coverage extended for the penis of flood if the Collateral is situated in a flood-prone area, in an
  amount equal to the full insurable replacement cost. Pledgor shall also procure and maintain comprehensive general liability insurance in
  amount equal to the full insurable replacement cost. Pledgor shall maintain at all times property insurance upon all Collateral with coverage for perils as set forth under the ISO Causes of Loss

bolicy. upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coverage will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each of coverage will not be accepted. Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently

suall become pair or the indepredness secured hereby as provided below. single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebiedness, whether the Indebiedness is then due or not. Lender may, in its sole discretion, purchase Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Pledgor for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole

(6)

together with any accrued and unpaid interest thereon, upon demand by Lender. the dates of such payments until paid (i) at the loan contract interest rate applied to the unmatured principal balance of the Vote, as such rate may change from time to time, or (ii) if the Vote, is not described in Section III hereof, at the maximum lawful rate, and shall be due, described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collateral. Any such suns which may be so paid by Lender shall become part of the Indeptedness secured by this Security Agreement, shall bear interest from discretion, including but not limited to insurance premiums, (including single interest insurance described above), taxes and other charges

(B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF PLEDGOR AT PLEDGOR'S EXPENSE. INSURER OR OTHERWISE AS PROVIDED HEREIN, AND (iii) NAME LENDER AS THE PERSON TO BE PAID NUDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN, (B) SUBJECT TO THE PROVISIONS HEREOF, PLEDGOR MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THERPAYMENT OF PREMIUMS; MAD (C) SUBJECT TO THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPRATS (A) OR THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPRATS (A) OR Keep the collateral insured against damage in the amount specified herein; (ii) purchase the insurance from an insurer that is authorized to do business in the state of texas or alloible surplus lines (i) DT DEPOGOR 130.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO

- Agreement time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any (01)
- Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender. (11)
- nformation required by Lender. security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SOS Reports and governmental certificates and all filing fees, continuation fees, and fees for certificates of good standing and other Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the (21)
- and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, including, but not limited to feed, rent, storage costs, and expenses of sale. Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate (21)
- additional property to be pledged and/or covered by this Security Agreement satistactory to Lender. adequately secure the Indebtedness, or should Lender deem itself insecure as to payment of the Indebtedness, then Lender may call for If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to (71)
- in all respects to applicable state and federal consumer credit and/or protection laws. If any Collisients or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform (91)
- Pledgor, two business days prior to seeking any such injunctive relief. of Lender set forth in the first paragraph of this Security Agreement, or such other person or address as Lender may designate in writing to the enforcement of Lender's rights in the Collisteral, Pledgor hereby agrees to give written notice to the President of Lender, at the address In the event Pledgor or any other persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or (91)

ine of credit loans. ieu of any rights of set-off allowed by law. This subsection (17) does not apply to homestead, homestead equity, and/or homestead equity, interest or lien is specifically waived or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in by any act or conduct on the part of Lender, or any failure to exercise such right of set-off or to enforce such security interest or lien, or by any act or conduct on the part of set-off, security interest and lien shall continue in full force and effect until such right of set-off, security in so doing. Every right of set-off, security interest and lien shall continue in full force and effect until such right of set-off, security interest and lien shall continue in full force and effect until such right of set-off, security in so whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off may be exercised without demand or notice to Pledgor. No security interest, lien or right of set-off shall be deemed to have been waived As additional security for the Indeptedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual right of sel-off in and to all of the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time hereby assigns, pledger conning within, the custody or control of Lender or any mode to a to planoth Bank of International BancShares Corporation, the tractody or control of Lender or any mode or instructing within, the custody or control of Lender or any mode or instructions or planoth Bank of International BancShares Corporation, the custody or control of Lender or any mode or instructing withing within, the custody or control of Lender or any mediance or planoth Bank of International BancShares Corporation, the section of the planother of the planother of the section of the se (11)

- account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender of any change occurring in or to the Collateral, or in any fact or circumstances warranted or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs. enable Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all Pledgor shall assist Lender in complying with the Federal Assignment of Claims Act (and any successor statutes) and similar laws to (81)
- Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures. (61)
- All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the (02)
- Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is (12) (alon
- damages, including court costs and attorney's fees, incurred by Lender to defend itself, or to protect or preserve the Collateral against environmental risks, hazards, fines, and other claims relating to the Collateral. Pledgor agrees to indemnify, defend and hold Lender harmless from and against, any breach of the foregoing and all losses, costs, fines and located, and shall notify Lender upon receipt of any notice or other information as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws.
- Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full: (22)
- (a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;
- cusnge its name; (b) change the state of its incorporation, organization or registration;
- change the address and/or location of its Chief Executive Office (as defined in the Code); or
- imitation a UCC-3 amendment or termination form. file any instrument attempting to amend or terminate any Financing Statements, including without
- Pledgor has the risk of loss of the Collateral. (EZ)
- Lender has no duly to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral. (54)
- Special Representations and Warranties. **'**8

Pledgor represents warrants and agrees that:

- If the Collateral includes inventory: (1)
- consent of Lender. pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a first-(e)
- sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt. services any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall not be services any of the inventory or an interview of this Security Agreement or whit the terms or contribute or an end of the form of the form of the second of a debt added in the second of the debt of the second of th Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract of (q)

- instrument or chattel paper. Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by any (e) If the Collateral includes accounts: (z)
- The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof.
- (2)
- Lender's order or accompanied by appropriate executed powers. By means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if any, inspluded in Collaboration (q) thereor by Pledgor, and in any event promptly upon demand therefore by Lender. If necessary, all Collateral will either be endorsed to or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt Agreement will also constitute Pledgor's instruction to deliver to Lender certificates or other evidence of the Collateral as soon as it is available. Pledgor will immediately deliver to Lender and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and efforter active to Lender's other evidence. If the Collateral includes instruments, chattel paper or documents: (a) By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the second of the Security document.
- ncluded in Collateral.
- such certificate of title or similar document issued or outstanding at any time with respect to such Collateral. interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any thereof, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and if any certificate of title or similar document is so issued or outstanding at the time this Security Agreement is executed by or on behalf of Pledgor, then Pledgor shall have caused the If the Collateral includes properly covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the Collateral includes properly covered by a Certificate of the Collateral or any part thereof. Pledgor will promptly advise Lender the laws of any juntification, issued or outstanding with respect to the Collateral or any part thereof.
- .mioi To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a lien entry (<u>ç</u>)
- If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the Code upon such of the Collateral which is or may become fixtures. (9)
- Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse daims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.  $(\underline{1})$
- All Collateral consisting of goods is located solely in the state and/or states previoualy designated and warranted by Pledgor to Lender. (8)
- (a) chief executive office is located in the state previously designated and warranted by Pledgor to Lender; Hisdgor's: (6)

(7)

(c) exact legal name is as set forth on page 1 of this Security Agreement. state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and

SECTION VI: EVENTS OF DEFAULT.

Default"): Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of

(1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or

- agreement or other agreement between Lender and Pledgor or Boorrower or any other event of default or breach occurs thereunder; or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan Documents, br any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the extent silowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan
- light of the circumstances in which they were made; or in gale and the state of material fact necessary to make the statement, representation or warranty therein not misleading in financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a agreement (if applicable), or in any other agreement between Lender and Borrower or Pledgor, or (b) any information contained in any (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control
- Pledgor: (+)
- entity powers or privileges suspended or revoked for any reason; or (b) in the case of a Pledgor who is not a natural person, discolves, terminates or in any other way ceases to legally exist or has its (a) dies or becomes physically or mentally incapacitated; or
- respect of its creditors generally; or makes an assignment for the benefit of oreditors, or enters into any composition, matchalling of assets or similar atrangement in (C)
- conceals, removes, or permits to be concealed or removed, any part of Pledgor's property, with intent to hinder, delay or defraud (d) becomes insolvent or generally does not pay its debts as such debts become due; or
- a time when other creditors similarly situated have not been paid; or bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at its creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any
- a lien against such property or for the purpose of administering such property for the benefit of its creditors; or (5) A trustee, receiver, agent or custodian is appointed or authorised to take charge of any property of Pledgor for the purpose of enforcing
- Incompetentis entered by any court, or An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be 19
- whether by formal action or by the admission of the material allegations of a pleading or otherwise; or Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, (1)
- tor the purposes of collecting a lawful debt; or Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor (8)
- authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or (9) Any action or proceeding any appointment or order described in subsections (5) or (6) above is commenced without the
- thereof or Lender's security interest therein; or financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion iligation) or arbitral or regulatory proceedings that, if determined adversely to Pledgor, could materially and adversely affect Pledgor's (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial
- 10 (SIUPUINDOG Pledgor to repay the Indebtedrass or to properly perform Pledgor's obligations under this Security Agreement or the other Loan of Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of

(12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (if Borrower

.(amss and ron are not the same).

- Pledgor's or Borrower's obligations under the Loan Documents is impaired. the Indebtedness is inadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that
- consumer goods, as to each Pledgor and/or Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default. [14] To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other
- any of the Collateral, of the making of any levy, seizure of attachment thereof of thereon. (15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of
- (16) The Collateral becomes, in the judgment of Lender, unsatistactory, or insufficient in character or value.
- (17) The occurrence of any environmentally hazardous spiil, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event occurs on such premises or on other premises.
- requested by Lender. ncome tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information (18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements,
- (idenoses)

SECTION VII: LENDER'S RIGHTS AND REMEDIES.

- General. .A
- Lender may exercise the following rights and remedies either before or after an Event of Default:
- Lender may take control of any proceeds of the Collateral. (1)
- Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise. (7)
- Lender may take control of any funds generated by the Collateral, such as retunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds for repair or replace damaged or destroyed Collateral covered by insurance. (2)
- as Pledgor's agent is coupled with an interest and will survive any disability of Pledgor. (c) file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for collection of any of the Collateral or otherwise to enforce its inghts with respect to any of the Collateral. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon trader to exercise any such powers. Pledgor's appointment of Lender protect its interest in the Collateral and shall not impose any duty upon trader to exercise any such powers. Pledgor's appointment of Lender protect its interest in the Collateral and shall not impose any duty upon trader to exercise any such powers. Lender may require that Pledgor from time to time, in Lender's discretion, take any action and execute any instrument which Lender may deem not or advisable to accomplish the purposes of this Security Agreement instruming, with the actions, (a) ask, demand, collect, sue for, recever, compound, receive and give recepts for monies due and to become due under or in respect of any Collectal; (b) receive, endorse and collect any drafts or other instruments, documents and collect, in connection, with the actions described in preceding clause (a); and collect any collect any drafts or other instruments, documents and collect in connection with the actions described in preceding clause (a); and collect any drafts or other instruments, documents and collect in connection with the actions described in preceding clause (a); and collect any drafts or other instruments, documents and collect in connection with the actions described in preceding clause (a); and (+)
- assert against Lender except defenses which cannot be waived. Security Agreement. In addition, Pledgor waives and will not assert against the assignee any claims, defenses or set-offs which Pledgor could are assigned, and Pledgor will assert no claim or defenses Pledgor may have against Lender against the assignee, except those granted in this This Security Agreement, Lender's rights hereunder and/or the Indeptedness hereby secured may be assigned by Lender in whole or in part from time to time, to time in any such case Lender in whole or in bar time to time serigined such and in any such case Lender shall be fully discharged from all responsibility with respect to the Collateral so assigned and the extent the sarigned such a secured may be extent to the extent the sarigned and the sign of the mathematical so assigned and the extent the sarigned and the extent the same to and remedies granted in this Security Agreement to Lender to the extent the same to the (g)
- Collateral, and Pledgor shall assist the Lender in making any such inspection. Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the (9)
- Piedgor. Pledgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify intormation furnished by Lender may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to  $(\underline{1})$
- Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral. (8)
- Indebtedness at or below such percentage. Earder may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the (6)
- that effect at a time reasonably far in advance of the final conversion date to make such conversion possible. Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion any instrumment of Collecteral in its possession unless it shall have received from Pledgor detailed written instructions to (01)
- release, modify or waive any collateral provided by any other person to secure any of the Indebtedness, all without affecting Lender's rights against Pledgor. Pledgor waives any right it may have to require Lender to pursue any third person for any of the Indebtedness. Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender may (11)
- Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral. (ZL)
- Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Pledgor shall be credited with the proceeds of the sale. If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by (21)
- Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of: (12)
- the Note,
- any of the other Indebtedness, or
- (iii) any other obligation owed to Lender by Pledgor or any other person.
- This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Pladgor to this Security Agreement. (91)
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

elsewhere in this Security Agreement, or otherwise. The foregoing rights and powers of Lender will be in addition to, and not a limitation upon, any rights and powers of Lender given by law,

### B. Remedies in Event of Default

Code or by this Security Agreement, including the following: or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all

require Pledgor to deliver to Lender all books and records relating to the Collateral; (1)

### Page 6 of 10

- (2) require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;
- (4) sall, lease, or otherwise diapose of any of the Collateral in accord with the rights, remedies, and duise of a Lender moter Mitdes 2 and 9 of the Collateral in accord with the rights, remedies, and duise of a Lender moter Mitdes 2 and 9 of the Collateral processes of any public sale of the Collateral in accord with the rights, remedies, and duise of a Lender Water Litter Mitdes 2 and 9 of the Collateral processes of any public sale of the Collateral in accord with the rights, remedies, and duise of a Lender Which it may be cold on a recognized market, Lender Wil give Pledgor reasonable notice of any public sale or the Collateral threatener to decime reasonable if it is mailed, postage prepaid, to pledgor it this Security Appreement at least ten days before and appende to right appende to the Mitch it may be pledgor it the active rub appendence and on the collateral may be cold by private sale or otherwise disposed of without further notice to Pledgor; and in this Security Appreement at least ten days before and appendence or anterwise disposed of without further notice to Pledgor. Readon and prove a sale or for days before the Collateral may be cold by private sale or otherwise disposed of without further notice to Pledgor. Readon and the Collateral may be cold appendence and stipulaters and agrees that such a disclaimer and/or modification will not to disclaim or modify any and all warranties sale or otherwise disposed of without turther notice to Pledgor. Readon and the Collateral or any public sale or otherwise disposed of without turther notice to Pledgor. Readon and the cold and the cold appendence of any provement and/or modification will not the advect the all warranties sale or otherwise disposed of without turther and the Collateral or any plane and appendence and appreed the appendence of any plane and appendence of any plane app
- (5) surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- if disposition of the Collateral leaves any portion of the Indebtedness unsatiratied, collect the deficiency from all liable parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Lender's reasonable attorney's fees and legal costs and/or expenses, and Pledgor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable law:
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;
- (9) Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any property, balances, credits, deposits, accounts or monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depositor, monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depositor, institution of International Bancshares Corporation; and/or
- (10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other phor or subsequent Event of Default.

### SECTION VIII: ADDITIONAL AGREEMENTS.

(1)

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement, Information concerning this security interest may be obtained at the office of Lander set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither extensions nor increases of any of the Indebtedness of any of the Collateral hereby created with interest hereby created with neither affect the validity of the security interest hereby created with neither affect nor be affected by laws of the Collateral hereby created with the Security interest hereby created by laws of the originary provided single to any of the security interest hereby created by laws of any of the security waives all affect the validity of the security interest hereby created by laws of any of the security waives all affect the validity of the Security interest hereby created by laws of any of the security waives all sense or different times and no remedy shall be a defense to any other. Agreement, Lender shall have the night to exercise all terredies, including the infinite and no remedy shall be a defense to any other. Lender shall have the night to exercise all terredies including the infinite and no remedy shall be a defense to any other. Lender shall have all night sector and no remedies are or different times and no remedy shall be a defense to any other. Lender shall have all engines are or different times and no remedy shall be a defense to any other. Lender shall have all remedies granted by law or otherwise in addition to those provided in this Security Agreement.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies any termedies any termedies any termedies any further exercise of those remedies or rights. The failure of Lender to exercise any remedies any further exercise of those remedies or rights. The failure of Lender to exercise any remedies any further exercise of those remedies or rights. The failure of Lender to exercise any remedies any further Event of Default shall not writher exercise of those remedies or rights. The failure of Lender to exercise any remedies any further Event of Default shall not writher end of any Lender may remedies any further Event of Default is unsupervised any turther Event of Default is Lender may remedies any further Event of Default is Lender may remedies any function writher event of Default is unsupervised any Event of Default is unsupervised any Event of Default is unsupervised any Event of Default.
- (5) Pledgor and Lender intend that the Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be characterized for.
  (5) Pledgor and Lender intend that the Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be usunitations. Interdeptedness of the provisions of this Security Agreement, or any other documents evidencing, with the transaction would be the provisions of this Security Agreement, or any other documents areaden may connection with any Indebtedness of this Security Agreement, or any other documents evidencing, with neaport of the Indebtedness of the provisions of this Security Agreement, or any other documents evidencing, with respect to any ot the Indebtedness, it is agreed that all sums determined to be usurious shall be immediately credited by Lender to Pledgor or Borower; as the case may be, it connection with any brick of the Indebtedness it is agreed that all sums determined to Pledgor or Borower; as the case may be, it is agreed that all sums determents evidencies interest and spread or of the indebtedness it is agreed that all sums determined to Pledgor or Borower; as the case may be, it is agreed that all be among the provised, and spread or stead or the indebtedness is a payment of principal or the indebtedness or it is agreed that all be among the provised, and spread or the indebtedness is a payment of principal or the indebtedness or it is agreed that all be among the indebtedness in the appreciated to Pledgor or Borower; as the case may be, is the case may be, is the case may be, is the determined and spread over the full period of the indebtedness is and the indebtedness is a payment of principal is the indebtedness or accelerated, allocated, and spread over the full period of the indebtedness is a payment of principal of the indebtedness or accelerated, allocated, and spread over the full period of the indebtedness is the case may be, is the case may be, is the case may be, is th
- (6) Lender may perform any obligation which field or fails to perform and Pledgor agrees on demand to reimburse Lender immediately for any sums so paid by Lender, including attorneys fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for maximed, unpaid amounts, *Any sum to be* including expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for maximed, unpaid amounts, *Any sum to be* including expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for maximed, unpaid amounts, *Any sum to be* including expenses, plus interest on those sums from the secured by this Security. Agreement, [See Section V, A. (9) for insurance reimbursements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and and state, except to the extent that the Code provides for the application of the law of construed and enforced in accordance with the laws of such State, except to the extent that the Code provides for the application of the law of Agreement state. When the context requires, simplier nouns and pronouns include the plurat. The ights of Lender under this Security Agreement shall inture to the penetit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any Agreement shall inture to the benefit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any Agreement shall fully discharge Lender from any and all responsibility for that portion of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is more than one person or entity, all their representations, warranties and agreements are joint and several. If any part of this Security Agreements are advected and all other provisions will not affect the enforceable, the unenforceabling of such provision will not affect the enforceable, the unenforceabling of such provision will not affect the enforceable of any other provision hereof and all other provisions will constitute valid provisions.
- (9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

### SECTION IX: ARBITRATION

# PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

PLEDGOR AND LENDER ACTEE TO PROVIDE A POLLONS (hereinster referred to as the "articitation Provisions"):

LSpecial Provisions and Definitions applicable to both CONSUMER DISPUTES:

212-397-4506

1192-222-996

(a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by configuration by contacting your region. The region and to the customer's advice beautiment in your region. The region and to the customer's advice beautiment in your region.

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Laredo Austin

1988-992-996	efeqeS	15'
210-218-2500	oinotnA ns2	.11
361-552-9771	Port Lavaca	.01
405-841-2100	Oklahoma	.6
826-686-0263	McAllen	.8
713-526-1211	notsuoH	.7
830-773-2313	eagle Pass	.6
361-888-4000	Usind Sugred	.0
9191-427-980	Commerce Bank	·ţ
0001-275-996	Silivanword	.6

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree through binding arbitration or small claims court instead of in courts of general juriadiction.

Sending Motice of Dispute, If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by Certified mail. return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Diswer 1359, Laredo, Texas. 78642-1359 or if by email, Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Diswer 1359, Laredo, Texas. 78642-1359 or if by email, Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Diswer 1359, Laredo, Texas. 78642-1359 or if by email, Discharman@bc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.

- If the Dispute is not Informally Resolved. If you and the Lender do not reach an agreement to resolve the claim or dispute within the Dispute is not intervention proceeding. During the thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding.
- "<u>OISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the **PARTIES** of whatever type or manner, including without limitations, any and all caims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the **PARTIES**, any and all transactions between or involving the **PARTIES**, and/or any and all aspects of any past or present relationship of the **PARTIES**, any and all transactions between or involving the **PARTIES**, and/or any and all aspects of any past or present relationship of the **PARTIES**, any and whether banking or otherwise, specifically including but not indebtedness and/or agreements involving the **PARTIES**, any and whether banking or otherwise, specifically including but not indebtedness and/or agreements involving the **PARTIES**, involving the **PARTIES**, and/or any and all aspects of any past or present relationship of the **PARTIES**, any and all transactions have accurately provided put not indebtedness and/or agreements involving the **PARTIES**, any and intervention or otherwise, whether based on statute, regulation, common law or equity.
- (e) "CONSUMER DISPUTE" and "BUSINESS DISPUTE". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE, for the construction of the constructio
- "PRATIES" or "PRRTY". As used in these Arbitration Provisions, the term "PRRTIES" or "PRRTY" means Pledgor, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PRRTIES are provided invited. Imited liability members, shareholders, subsidiaries, parent companies, atfiliates, officers, directors, employees, heirs, agents and/or limited liability members, shareholders, subsidiaries, parent companies, atfiliates, officers, directors, employees, heirs, agents and/or person or beneficiary who receives products or services from the Lender and shall include any other even and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "you" refer to Pledgor, and the term "Arbitrator" refers to Agreement. Throughout these Arbitration Provisions, the term "you" and "you" refer to Pledgor, and the term "Arbitrator" refers to holder and shall include any other even and "you" and "you" and "you" and "you" refer to pledgor, and the term "Arbitrator" refers to holder and shall include any other even and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, the case may be, before which the DISPUTE is arbitrated.
- (g) <u>BINDING ARBITRATION</u> The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding abilitation pursuant to these Apointation for evolutions at the election of ethore PARTIV BY ARARETING V. THE PARTIES ARE PONSIONE at the election of ethore PARTIV BY ARARETING V. THE PARTIES ARE ADDISPUTE IN COURT (except for matters that may be taken to small claims count for a CONSUMER DISPUTE as provided below).
- CLASS ACTION WAIVER. The PRRTIES agree that (i) no arbitration proceeding interunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving daims brought in a purported representative capacity on bhalf of the general public, other customers or potential customers or proceeding. THE purported representative capacity on behalf of the general public, other customers or potential customers or proceeding. THE purported representative capacity on behalf of the general public, other customers or potential customers or proceeding. THE purported representative capacity on beaution or proceed as a class action, or on a basis involving diams brue at purported representative capacity on beaution or proceeding. THE presentative concernents of the general public, other customers or potential customers or proceeding. THE public the active capacity on the customers of presentation proceeding. THE presentative capacity on the customers of presentation proceeding. THE presentative capacity on the customers of presentation proceeding. THE presentation proceeding fractions proceeding the class of the customers of presentation proceeding. THE presentative capacity on the customers of presentation proceeding. THE presentation proceeding fractions proceeding the class of the
- FEDERAL ARBITRATION PCT AND TEXAS LAW. The PRRITES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all individing proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES in WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES in WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED OR WHERE THE PARTIES IN WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR INLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES AGRIC EXCEPT AS OTHERWISE FOR WHICH A READ TO A READ T
- . Provisions applicable only to a CONSUMER DISPUTE:
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER must contract the small claims court since that the claim of the claim are contract the small claims court difference. The PARTIES agree that the claims court option is chosen, the PARTY pursuing the claim must contect the small claims court difference out option is chosen, the PARTY pursuing the claim of the claim are contect in a must contect in a mail claims court difference out option is chosen, the PARTY pursuing the claim must contect the small claims court difference court.
- For any claim for actual damages that does not exceed \$2,600, the Lender will pay all arbitration fees and costs provided you submitted as Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney or argues you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable strottedion with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain by the Lender to you prior to the selection of the Arbitrator.
- Under the AAY's Supplemental Procedures for Consumer Disputes, if your daim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$126 in abitration fees and costs. If your daim for actual damages exceeds \$10,000 but does not exceed \$76,000, your abail only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. The vertex and costs in arbitration fees and costs. The vertex are actual damages that does not exceed \$76,000, or if the for any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the damistrator of the arbitration. With regrat to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the damistrator of the arbitration. With regrat to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the damistrator of the arbitration with regrat to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the damistrator of the arbitration of the entities are non-active to any amendments to the tees and costs that exceeds \$75,000, or if the exceed \$1,000. The fees and costs stated above are subject to any amendments to the fees and cost stated above are subject to any amendments to the fees and cost stated be responsible for that and cost schedule in effect at the time you submit your claim shall apply. The AAA inter also permit you to request a waiver or deferral and cost schedule in effect at the time you aubiect to any amendments to the fees and cost schedules of the AAA. The effect and cost schedule in effect at the time you aubiect to any amendments for the fees and cost schedules of the the AAA. The effect and cost schedule in effect at the time you aubiect to any amendments to the fees and cost schedules of the the AAA. The effect and cost schedule in effect at the time you aubiect to any amendments to the fees and cost schedules of the tees and cost schedules of the tees and cost sched
- Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek arch an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a daim of actual damages that does not exceed \$75,000.

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To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (full free) or at <u>www.adr.org.</u>

III. Provisions applicable only to a BUSINESS DISPUTE:

Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AbA in effect at the time of filing, as modified by, and subject to, these Arbitration Rules (3) meutral arbitrations Rules of the AbA in effect at the time of filing, as modified by, and subject to, these Arbitration Rules (3) meutral arbitrations in a solution of solution and arbitration feet and arbitration for the AbA before at least time (3) arbitrations is the request of any PARTY. In the event the aggregate of all affirmalities data for the AbA Proceeds 5500,000, exclusive of arbitrators at the request of any PARTY. The arbitration feet and costs will cause you extreme financial hardship you for Large, Complex Commercial Disputes. If the payment of arbitration feet and costs will cause you extreme financial hardship you tor Large, Complex Commercial Disputes. If the payment of arbitration feet and costs will cause you extreme financial hardship you would be your responsibility.

The PARTIES chall frave the right to (i) invoke self-help remetes (euch as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudical sale of personal property and real property collateral) before, during or after any abitration, and/or (ii) request anoilary or provisional judical remedies (such as garnishment, aftachment, specific performance, receiver, injunction or restraining or der, and sequestration) before or after the commencement of any apitration proceeding (individually, and not on behalf or restraining or der, and sequestration) before or after the commencement of any apitration proceeding (individually, and not on behalf or estraining or ther, and sequestration) before or after the commencement of any apitration proceeding (individually, and not on behalf or acclisity and/or provisional judicial remedies shall not operate as a waiver of either (PARTY's fight to compel antitation; Any anoillary or anciliary and/or provisional judicial remedies shall not operate as a waiver of either (PARTY's fight to compel antitation; Any anoillary or anciliary and/or provisional judicial remedies shall not operate as a waiver of either (PARTY's fight to compel antitation; Any anoillary or anciliary and/or provisional judicial remedies from a court at law shall be available from the Abitratior. The PARTIES agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an abitration proceeding where emergency interim is requested.

- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing PARTY. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any claim DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all to a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in the all to a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in the all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in the all.)
- (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.

If a PRTY initiates legal proceedings, the elaiture of the initiating PRTY to request arbitration prustation arbitration with respect within 180 days after the filling of the lawauit shall be deemed a waiver of the initiating PRTY's right to compet arbitration with respect to the claims asserted in the litigation. The tailure of the defending PRTY's request arbitration pursuant to these Arbitration Provisions with respect to the claim of the defending PRTY's right to compet arbitration pursuant to the right of the defending PRTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PRTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PRTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PRTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PRTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PRTY's for competing served on a PRTY to connection with use and properly served on a PRTY in connection with such PRTY's connection with a second in the party claim state and properly served on a PRTY in terquest arbitration preserved in the reserved on a PRTY to connection. The served of therein the issue of waiver proceeding for the pending liggtion described above by a PRTY shall not in any event be deemed a waiver of such PRTY'S fight to compet arbitration pending liggtion described above by a PRTY shall not in any subsequent arbitration proceeding.

- Any PARTY seeking to subitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has ansen. The PARTIES agree a timely written notice of intent to anyinter by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, asve and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the fligation pending the flight of the final award of the Arbitration.
- Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.

For a one (1) member abjuration panel, the PARTES are limited to an equal number of strikes in selecting the arbitrator trong machine the ARTIES are limited to an equal number of strikes in selecting the arbitrator trong the arbitrator trong the ARTIES are limited to an equal number of strikes in selecting the arbitrators. For a three (3) member arbitrators from that at least one arbitrator remains after the PARTIES exercise all of their espective strikes. For a three ARTIES trong the arbitrators from the ARA neutral list, such that at least procer and arbitrators from the ARA neutral list, such that at least one arbitrators remains after the PARTIES exercise all of their espective strikes. After exercising all of their allotted respective strikes. In the expective strikes, the PARTIES shall rank those potential arbitrators from the ARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes. The arbitrators remains arbitrators remains and arsign a score to each potential arbitrators by adding the most given to each potential arbitrators by adding the arbitrators remaining numerically in order of preference (with "1" designating the most given to each potential arbitrators by adding the most given to each potential arbitrators by adding the strikes the exercise of a flat or each potential arbitrators by adding the order of a such potential arbitrators by adding the event of a tile or given to each potential arbitrators by adding the order of a such potential arbitrators by adding the order of a such potential arbitrators by adding the environg the arbitrators of a such potential arbitrators by adding the order of a flat order of a such potential arbitrators by adding the order of a such potential arbitrators by adding the order of a flat order of a such potential arbitrators by adding the order of a flat order of a such potential arbitrators by adding the order of a flat order of a such potential arbitrators areading the arbitrators areading the arbitrators are arb

- (g) The PRRTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimmony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any count having jurisdiction to confitm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such astaute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration services provider that the the PARTIES are unable to any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider, any PARTV may petition a court of competent jurisdication to appoint an Arbitrator to agree on another arbitration service provider, any PARTV may petition a court of competent jurisdication to appoint an Arbitrator to administer the another arbitration proceeding pursuant to and consistent with these Arbitration Forvisions. If the PARTIES are unable to administer the another arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction.
  (j) The avait of the Arbitrator shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereot.
- (I) It any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

JURY WEIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WEIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following

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respect to any Swap Transaction shall constitute an Event of Default under this Security Agreement. into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or with existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower afaing under or with And py Lender and/or such that is a contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as hereinatter defined) arising under or in connection with any Swap Transaction, as a used herein, means of) any Transaction factor and/or any tinancial related bursant to one or more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/on Borrower and Lender Affiliate (any tank accounties due more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/on any tinancial institution affiliated international BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap potion, interest rate option or other financial institution affiliated with thermational BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial institution affiliated with thermational BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial institution thermational BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other tinculating on ore or none or points with respect to any sum and sub type of transaction that is atimited to any transaction referred to in derivative on one or more rates, or any coming transactions, or (iii) any transaction that is atimited to any transaction referred to in derivative on one or more rates, or any coming transactions, or (iii) any transaction that is at and which is a downed to and the referred to in derivative on one or more rates, or any coming transactions, or (iii) any transaction trat is at and in the and the accordance or derivative on one or more rates, or any coming transaction that is described in dause (i) or (ii) above. The occurrence or into the supervised transaction rate is a concorrected or and and any party or entity other than Pledgor futfin

### SECTION XI. Miscellaneous.

any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other amendment or waiver of or any consent to any departure from the Note or any other Loan Document; any exchange or release or nonperfection or all or any part of the Collateral or any other collateral, or any release from, amendment to, waiver of or some consent to any departure from the Note or any other Loan Document; All rights of the Lender and the security interests created hereunder shall be absolute and unconditional irrespective of: (a) Security Interest Absolute.

- or consent to departure from any guaranty for all or any of the Indebtedness; or to the fullest extent permitted by law, any other circumstances which might otherwise constitute a defense available to or a discharge of the Pledgor or Borrower or a third party pledgor. (111)

### reasonable

sseupergepuleur to trad a suursoo An the bench solution of the foregoing, the Pledgor will reimburse the bander for all expenses (including expenses for legal services of every kind). Without limitation of the foregoing, the Pledgor will reimburse the bander for all expenses (including expenses for legal services of every kind) of or including expenses for legal services of every kind) actual or a component of the indebtedness, and any extinator a foregoing, the Pledgor will reimburse the bander for all expenses (including expenses for legal services of every kind) of or including expenses for legal services and every kind of the most every will reimburse the resolution of a metal or any extent or any extent or a settlement or any of the collegion of neuron of and every including the every as a set of the collegion of a metal or any extent or any extent or any every second or a settlement or any of the collegion of a metal or any extent or any extent or any extent or any extent or any every or any extent or any every second or a settlement or any of the collegion of a metal or any extent or any extent or any every second or a settlement or any of the collegion of a metal or any extent or any extent or any extent or any extent or any every second or any every second or any extent or any extent or any every or any extent or any exte (b) Indemnification. The Pledgor agrees to indemnify and defend the Lender and hold the Lender harmless from and against any and all liabilities, obligations, losses, damages, penables, actions, judgments, autis, costs, jexpenses or disbursements of any kind of nature which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any way arising out of or in ornection with this Security Agreement, the Loan Documents or the transactions under this Security Agreement, the Loan Documents or the transactions under this Security Agreement, the Loan Documents or the transactions under this Security Agreement, the Pledgor willful misconduct in its obligations under this Security Agreement of the Documents of the transactions under this Security Agreement, the Pledgor will the instructions under this Security Agreement, the Pledgor will the instructions under this Security Agreement, the Pledgor will the transactions under this Security Agreement, the Pledgor will the instructions contemplate and there by other than those arial out of or in the Lender the Index will secure the Index of the Pledgor will the instructions under this Security Agreement or the Pledgor will the Pledgor for the Lender for Lender the Index of the Pledgor will the Pledgor will the Agreement or the Pledgor will secure the Index of the Pledgor for the Pledgor will the Index of the Pledgor for the Lender for the Lender for the Lender of the Lender of the Pledgor will secure the Index of the Pledgor for the Pledgor will secure the Index of the Pledgor for the Lender of the Pledgor of the Pledgor of the Pledgor will secure the Index of the Pledgor of the Pledgor will secure the Index of the Pledgor of the Pledgor

Agreement has been accepted by Lender in the State where Lender is located. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This

new document. subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or tom a construction of any document is in conflict with, or in violation of, applicable laws, any other party liable with respect to any indebtedness), any tiom a construction of any document is in conflict with, or in violation of a policy laws, any other party liable with respect to any indebtedness), any tiom a construction of any document is in conflict with, or in violation of a policy laws, any other party liable with respect to any agreement be subject to any other party liable with respect to any indeptedness), any tiom a construction of any document is in conflict with respect to any agreement be subjected for any other party liable with respect to any agreement of the provisions of the provision of a subject to any agreement be accument in the provision of a subject to any agreement. All sgreements between the parties hereto (or any other party liable with respect to any indeptedness under the Loan Documents) are hereby limited by the provisions of party line of the transmission of the parties in the parties of the party limited by the provisions of the party line of the party line of the party limited by the partient of the party line of the party The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. (p)

or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate. (e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such apprentix unitipatio (i) at the rate of interest applied to the matured and past due principal balance of the Note, as such rate may change from time to time, or will the Note.

secure the Indebtedness Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and and all repurchase agreements or other non-deposit obligations, also accounts upon which the grant of a security interest would be prohibited, and and all repurchase agreements or other non-deposit obligations, also To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of

This Security Agreement constitutes written notice of a security interest if required by applicable law.

PLEDGOR HAR READ AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY BEREMENT AND HAR AGREED TO THE PROVISIONS OF THIS (y)

### SECTION XII: NO ORAL AGREEMENTS

# THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR. CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

\$202 ° Dated: February\_

### PLEDGOR(S):

Rise Residential Construction, LP

qirtananta Partinership

Title: General Partner A Texas Corporation By: Rise Residential Construction GP, Inc.

Name: Melissa Renee Fisher :Ag

Title: President

Dallas, Texas 75248 Address: 16612 Dallas Parkway

SECURED PARTY:

International Bank of Commerce

Intle: President Name: Lee Reed

By:

SECURITY AGREEMENT (Rev. 8-19)

# SECURITY AGREEMENT

International Bank of Commerce

IBC

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lsitinl	Officer	Reference Number		Date	

Pledgor(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

The undersigned Pledgor, owner of Collateral (as hereinatier defined), whether one or more, and International Bank of Commerce, 1600 Ruben Tores Blud,, Brownsville, Texas 78526 (hereinatter called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

SECTION I: Creation of Security Interest.

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Security Agreement to secure payment and performance of the indebtedness (described in Security and "Collasteral,"

SECTION II: Description of Collateral.

1. The security interest is granted in, among other personal property, the following Collateral:

a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

Reference is hereby made for all purposes to that certain lawsuit styled Savannah at Lakeview, LP, and Rise Residential Construction, LP v. Oncor Electric Delivery Company LLC, et.al.; Cause No. DC-22-16947, in the 68th Judicial District of Dallas County, Texas, filed December 9, 2022 (the "Litigation").

All rights, title, and interest in any proceeds, damages, money, settlements, and/or judgments awarded to Debtor arising from or in relation to Pledgor's causes of action, claims, and rights to recovery it may now have or later possess in the Litigation, including any later filed causes of action, claims, and rights to recovery in the same Litigation.

b 1 The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)

2 The above timber is standing on: (describe real estate; attach additional sheet if needed)

3 \_\_\_\_\_\_The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)

c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the real less.).

The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unbom young of animals and poultry.

All property similar to the Collateral described in Section IL1.a. above, hereafter acquired by Pledgor.

All proceeds, products, and profits of the Collateral described in Section II.1.a. are included. Coverage of products and proceeds for financing tastement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, lease, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral except, or other in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the real estate, or other in accordance with the provisions of this forcument.

g Location where Collateral is to be kept: as approved by Lender in its sole discretion.

SECURITY AGREEMENT (Rev. 8-19)

### Page 2 of 10

Notices: Molices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to Notices: Molices and other communications pertaining to international Bank of Commerce at Lender's address as set out on Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address as set out on

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covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity line of credit The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such Indebtedness, or the type of collateral

open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes.

To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced by notes,

connection with the Note.

As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents" means, As used herein, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered to Lender in

Code or otherwise.

side expenses of sale;

III nottoeS aint ni

and further without limitation to:

Agricultural Liens

Deposit Accounts

Investment Property

Equipment (tarm use)

spoog Jawnsuog

(asu ssanisud) thamqiup3

Accounts

รานอนนามรบเ

Commercial Tort Claims

rems, or by any other manner or torm;

suy and all credit card of other consumer type of loan;

indebtedness evidenced by the following described promissory note (the "Note"):

any and all commercial loan or indebtedness;

modifications, retriancing, consolidations and substitutions (nereor.

- Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy any of the foregoing that arises after the filling of a petition in bankruptcy by or against Pledgor or Borrower under the United States

(including an option with respect to any such transaction), or (ii) any type of transaction that is similar to any transaction referred to in clause respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial institution affiliated with international BancShares Corporation which is a rate swap, swap option, interest rate option, or other financial institution affiliated with without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any financial institution affiliated with International BancShares Corporation arising under or in connection with any Swap Transaction. The term "Swap Transaction", as used herein, means () any transaction (including an agreement with any transaction (including an agreement with

any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in this Section III, and maintain and preserve the Collateral, including without limitation, all taxes, assessments, attorneys fees and legal expenses,

joinity and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising; any and all other indebtedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares Corporation,

any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letters of credit transactions; any and all indebtedness, however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or other

any set of the Collateral securing any of the libring any of the libring any of the libring and all securing any set all securing any set all set of the collateral securing any securing any set of the collaterany securing any set of the

Real Estate Lien Note/Promissory Note dated the \_\_\_\_\_day of February 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars and No Cenns (\$3,600,000,00), executed by Savannah at Lekeview, LP and delivered to Lender, together with all renewals, extensions, modifications and infinitional finitings flag up Savannah at Lekeview, LP and delivered to Lender, together with all renewals, extensions,

regardless of how evidenced or arising, as to outstanding and unpaid principal, accrued and unpaid interest, accrued and unpaid late charges, attorneys' fees, collection costs, and sile other sums owing by Pledgor, or any of the undersigned if more than one, and/or Borrower, including but not limited to the transformation or any of the undersigned if more than one, and/or Borrower, including but not limited to the undersigned or arisent or the undersigned if more than one, and/or Borrower, including but not limited to the undersigned or arisent or Lender, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and Any and all indebtedness, leaving and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinafter defined) to

.Ч option or other derivative on one or more rates, or (iii) any combination of the transactions described in clause (i) or (ii) shove; and (i) above that is currently, or in the future becomes, recurrently entered into in the transactions described in clause (i) or (ii) shove; and

the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);

any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III;

any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.);

any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;

the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);

- isniege "Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for ser rorn on page 1 hereof): It any of the Collateral is accounts, give the location of the office where the records concerning them are kept (it other than Pledgor's address Pleagor purchased the Collateral.
- extent Pledgor uses the indebtedness to purchase Collateral. Pledgor's repayment of the Indebtedness shall apply on a "first-in-first-out" basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the
- in Section II.1.a., or lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the Collateral. To the
- If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described

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2. Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Code of the state where Lender is located (rogether with the Official Comments thereto referred to herein as the "Code"):

Sales of Payment Intangibles or Promissory Notes

Liens on Government Assets

Supporting Obligations

Letter-Of-Credit Rights

General Intangibles

Chattel Paper

Farm Products

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- This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"): SECTION III: INDERTEDNESS

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

And to the extent not listed above as original Collateral all proceeds and products of the foregoing.

notice in the manner set forth in this paragraph. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for mailed on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for the tote may change its address for the page 1 hereot [Attin: Al Villarreal], and (ii) it to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the address of Pledgor, sert via unite of the or received, shall always be effective when given or received, spate or neceviced.

### SECTION IV: PERFECTION OF SECURITY INTERESTS.

#### -iling Of Financing Statements. .1

- referred to as the "Financing Statements", whether one or more) describing the Collateral, as Lender deems necessary, in its sole discretion, to (1) Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereot (collectively
- enected in the report. Lender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (in Lender's optinion) State (the "SOS Reports") indicating that Lender's security interests are official report. (111) Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender. (!!)

#### Possession .2

- to perfect its security interest by possession only, or in addition to the filing of Financing Statements. Pledgor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender chooses (1)
- obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the extent necessary to perfect Lender's security interest in the Collateral. (!!)
- respect to Collateral consisting of: Control Agreements. Pledgor will cooperate with Lender in obtaining a Control Agreement in form and substance satisfactory to Lender with 3.

- (11) Deposit Accounts, (1)
- Investment Property, Letter-Of-Credit Rights, and (111)
- Electronic Chattel Paper. (AI)

indicating that Lender has a security interest in the Chattel Paper. Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender .4

### SECTION V: Pleddor's Representations, Warranties, and Adreements.

### A. General Representations and Warranties.

Heador represents, warrants and agrees that:

- stecution, delivery, and performance of this Security Agreement. third parties, license, authorization or filing with any governmental authority is required to be obtained or performed in connection with the Pledgor has full power and authority to enter into this Security Agreement, this Security Agreement has been duly authorized, executed and delivered by Pledgor and constitute to the valid and the properties the valid and big and or of Pledgor enforces is in accordance with its terms. No consent of a construct of the valid and the valid and pledgor of the valid and the valid and pledgor of the valid and the valid and pledgor of the valid and valid and pledgor of the valid and va (1)
- All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid, and (Z)
- estriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due. Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, (2)
- Statements covering any of the Collateral or the proceeds thereof to hereafter be on file in any public office except as may be filed pursuant to this Security Agreement. No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any Financing (+)
- by Lender in connection with the Indebtedness or the Collateral. equested by Lender; (ii) an appraisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lender's request, (i) financial information, (G)
- without being guilty of and/or held liable for trespass. Pledgor will furnish to Lender upon request all pertinent information regarding the Collateral at all reasonable times and for such purpose Lender may enter upon or into any premises where the Collateral may be located the terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Pledgor will not use the Collateral or permit the Collateral to be used in violation of any statute, ordinance or other law or inconsistently with (9)
- advance of its removal to another location. the Collateral, and shall be kept at the location set forth in Section II.1.9. hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in writing in The Collateral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession of (2)
- shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof. Lender at its option, but without any obligation, may pay any of them, and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, (8)
- receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof. standard montgagee's endorsement providing for payment of any loss to Lender. All policies of insurance shall provide that Lender shall insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Lender. If available, federal flood insurance policy shall also contain a flood-prone area. The property insurance policy shall also contain a such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Such amount equal to the full insurable replacement cost. Pledgor shall also procure and maintain comprehensive general liability insurance in Special Form (formerly "all-risk"), with coverage extended for the perils of flood if the Collateral is situated in a flood-prone area, in an Pledgor shall maintain at all times property insurance upon all Collateral with coverage for perils as set forth under the ISO Causes of Loss

upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coversige will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each of coversige will not be accepted. Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently

shall become part of the indebtedness secured hereby as provided below. single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebtedness, whether the Indebtedness is then due or not. Lender may, in its sole discretion, purchase Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalt and for the benefit of Pledgor for costs in its sole discretion and your obligation of the Collateral and other costs that may be appropriate, in Lender's sole

(6)

discretion, including but not limited to insurance premiums, (including single interest insurance adsorble adsorb), isses and often charges descretion, including but not limited to insurance premiums, (including single interest insurance described in 5 Collisteral. Any such described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collisteral. Any such the dates of such payments until paid (i) at the loan contract interest interest rist and expenses paid in any suit affecting the Note, as such the dates of such payments until paid (i) at the loan contract interest interest rist and pay lied to the unmatured principal balance of the Note, as such the dates of such payments until paid (i) at the loan contract interest inter

(B), LENDER, MAY ORTERAL INSURED ROULATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO (f) THE PROVISIONS FEREOF. INSURED ROMINGT DAMAGE IN THE ANOUNT SPECIFIED HEREIN; (f) PURCHASE THE INSURANCE INSURER OR OTHERWISE AS PROVIDED HEREIN, AND UNIVARE LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN, AND UNIVARE LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE PROLICY AND PROOF OF THEPRAYMENT OF PREMIUMS, AND (C) SUBJECT TO THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY CONDERNATE (A) OR THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY CONDERNATE (A) OR THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF, PLEDGOR MUST. IF REQUIRED BY THE PROVISIONS HEREOF. IF PLEDGOR FALLS TO THE PROVISIONS HEREOF. PLEDGOR AT PLEDGOR SATE PROVISIONS AND FOULT AND AND AND ADD FOR THE PROVISIONS AND FOR AT PLEDGOR AT PLEDGOR'S EXPENSE.

- (10) Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Agreement.
- (11) Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral, including the proceeds therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender.
- (12) Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SGS Reports and governmental certificates and all filing tees, continuation fees, and fees for certificates of good standing and other information required by Lender.
- (13) Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, and complete records of the Collateral and its proceeds of safe.
- (14) If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to adequately secure at the Indebtedness, then Lender deem fiself insecure as to payment of the Indebtedness, then Lender may call for adequately secure the Indebtedness, or should Lender deem fiself insecure as to payment of the Indebtedness, then Lender may call for adequately secure to the pledged and/or covered by this Security Agreement satisfactory to Lender.
- (15) If any Collateral or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform in all respects to applicable state and federal consumer credit and/or protection laws.
- (16) In the event Pledgor or any other person a persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or the enforcement of Lender's rights in the Collateral, Pledgor hereby agrees to give written notice to the President of Lender, at the address of Lender set forth in the first person of address from any Agreenent, or such other person or address as Lender may designate in writing to of Pledgor, two business days prior to seeking any such influencies reliaf.
- (17) As additional security for the Indebtedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual interaction and contractual interaction and contractual interaction and the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time thereaft in and to all ot the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time thereaft coming within, the custody or control of Lender or any mamber Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off security interest, lien or right of set-off salls of the property interest. If the actingtion is and right of set-off, security interest, lien or right of set-off salls of the property interest or the part of Lender, or any allure to exercise such right of set-off, security interest, lien or right of set-off, security interest or lien, or by any actor control on the part of Lender, or any allure to exercise such right of set-off, security interest or lien, or by any actor control on the part of Lender, or any allure to exercise such right of set-off, security interest and interest or an effect until such right of set-off, security interest and interest or a security interest or lien, security interest or lien, security interest or lien and off in the security interest or lien any addition of set-off, security interest and and interest or a security interest or security interest or lien and security interest or lien, security interest or lien, security interest or lien any addition or and ord in a lien stall continue in tull force and effect until such rights of set-off, security interest and and in the security interest or lien, security interest or lien and and in the security interest or lien and and in the security interest or lien and and in the security interest or lien and an
- (18) Pledgor shall assist Lender in complying with the Federal Assignment of Olaims Act (and any successor statutes) and similar laws to an ability of all assist Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender to assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of any account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender to any damge occurring in or to the Collateral, or in any fact or dicrumstances warranced or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs.
- (19) Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
- (20) All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the
- (21) Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is to comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral are to a such environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located, and premises in which the Collateral is located and the Collateral as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws. Pledgor agrees to indemnify, defend and hold Lender harmless from and against any breach of the toregoing and all losses, costs, fines and damages, including court costs and attorney's fees, incurred by Lender to detend itself, or to protect or preserve the Collateral as and the analysis.

(22) Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full:

- Ile viletareade a le llea, vitre acto ver divin otobilogne, se stat casoar anglessanat botales as selles e se dellessent see e (a)
- (a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;
- (b) change the state of its incorporation, organization or registration;
  (b) change the state of its incorporation, organization or registration;
- ) change its name;
- (d) change the address and/or location of its Chief Executive Office (as defined in the Code); or
- (e) file any instrument attempting to amend or terminate any Financing Statements, including without limitation a UCC-3 amendment or termination form.
- (23) Pledgor has the risk of loss of the Collateral.
- (24) Lender has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.
- B. Special Representations and Warranties.

(alon

- Pledgor represents warrants and agrees that:
- If the Collateral includes inventory:
   (1) If the Collateral includes inventory:
- (a) Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a first-priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price. Pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written consent of Lender.
- (i) Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract of service any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall not be inconsistent with any other provisions of this Security Agreement or with the terms or conditions of any policies of insurance thereon. A samile in the ordinary course of business, does not incurance thereon. A samile in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.

Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by any (p) If the Collateral includes accounts: (z)

- instrument or chattel paper.
- The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof. (a)
- If the Collateral includes instruments, chattel paper or documents: (2)
- Ey means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if any, (q) or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender to the receipt times, included in the collateral will either be endorsed to thereof by Pledgor, and in any event promptly upon demand therefore by Lender. If necessary, all Collateral will either be endorsed to svailable. Pledgor will immediately deliver to Lender all chattel paper and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and either endorse it to Lender's order By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement, security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement will also constitute Pledgor's instruction to deliver to Lender certificates or other evidence of the Collateral as soons as it is the security and the security and the security that person of the tender certificates or other evidence of the Collateral as soons as it is document. (g)
- ncluded in Collateral

such certificate of title or similar document issued or outstanding at any time with respect to such Collateral. is so issued or outstanding at the time this Security Agreement is executed by or on behalt of Pledgor, then Pledgor shall have caused the interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any If the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the collateral or any part thereof. Pledgor will promptly advise Lender to be properly noted thereon, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and Pledgor will promptly cause the comment is a thereof.

- .miot To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a lien entry (G)
- srdance with the Code upon such of the Collateral which is or may become fixtures. If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in (9)
- lieus, security interests and restrictions on transfer or pledge except as created by this Security Agreement. Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse daims,  $(\underline{I})$
- All Collateral consisting of goods is located solely in the state and/or states previously designated and warranted by Pledgor to Lender. (8)
- (a) chiet executive office is located in the state previously designated and warranted by Pledgor to Lender;
   (b) state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and hledgor's (6)

(\*)

(c) exact legal name is as set forth on page 1 of this Security Agreement.

SECTION VI: EVENTS OF DEFAULT.

:(\_lineteu Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of

(1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or

- other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Pledgor or Borrower or any other event of default or breach occurs thereunder; or extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or Documents, or any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan
- light of the circumstances in which they were made; or financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in ggreement (if applicable), or in any orbet agreement between Lender and Borrower or Pledgor, or (b) any information contained in any (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control

- (4) Pledgor:
- entity powers or privileges suspended or revoked for any reason; or (b) in the case of a Pledgor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its (a) dies or becomes physically or mentally incapacitated; or
- respect of its creditors generally; or makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in
- its creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any (d) becomes insolvent or generally does not pay its debts as such debts become due; or
   (e) conceals, removes, or permits to be concealed or removed, any part of Pledgot's property, with intent to hinder, delay or deftaud
- a time when other creditors similarly situated have not been paid; or bankruproy, fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at
- a lien against such property or for the purpose of administering such property for the benefit of its creditors; or (5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Pledgor for the purpose of enforcing
- Incompetent is entered by any court; or An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be (9)
- whether by formal action or by the admission of the material allegations of a pleading or otherwise; or Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, (l)
- for the purposes of collecting a lawful debt; or Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor (8)
- (9) Any action or proceeding seeking any appointment or order described in subsections (5) or (6) above is commenced without the authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or
- thereof or Lender's security interest therein; or financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion litigation) or arbitral or regulatory proceedings that, it determined adversely to Pledgor, could materially and adversely affect Pledgor's (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial
- 10 (stnamuoou Pledgor to repay the indebtedness or to properly perform Pledgor's obligations under this Security Agreement or the other Loan (11) Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of
- (12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (it Borrower

.(ames and for are not the same).

(13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that the Indebtedness is insadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of Pledgor's or Borrower's obligations under the Loan Documents is impaired.

(14) To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Pledgor and/or Brower with the indebtedness by any such other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.

(15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of any or the Collateral, or the making of any levy, seizure or attachment thereor.

(16) The Collateral becomes, in the judgment of Lender, unsatisfactory, or insufficient in character or value.

(17) The occurrence of any environmentally hazardous spill, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event across on such premises or on other premises.

(18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements, income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information, requested by Lender.

reasonably

SECTION VII: LENDER'S RIGHTS AND REMEDIES.

A. General.

Lender may exercise the following rights and remedies either before or after an Event of Default:

- Lender may take control of any proceeds of the Collateral.
- (2) Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise.
- (3) Lender may take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds to replace damaged or destroyed Collateral covered by insurance.
- (4) Lender may require that Pledgor from time to inter, in Lender's discretion, take any action and execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Security Agreement induding, without limitation, (a) ask, demand, collect, sue for, necessary or advisable to accomplish the purposes of this Security Agreement induding, without limitation, (a) ask, demand, collect, sue for, tecorye and give receipts for monies due and to become due under or in respect of any Collateral. (b) receive, endorse and collect any drafts or other instruments, documents and challed paper in connection with the actions described in preceding clause (a); and collateral or other may deam and collect any drafts or other instruments, documents and challed paper in connection with the actions described in preceding clause (b); and collateral or otherwise to enforce its rights may proceeding which Lender may deem necessary or desirable for collection of any of the Collateral in the Collateral in the Collateral and shall not impose any with upon Lender to exercise any such powers. Pledgor's appointment of Lender may deem necessary or desirable for collection of any of the Collateral in the Collateral in the Collateral in the Collateral in the Collateral and shall not impose any upon Lender to exercise any such powers. Pledgor's appointment of Lender may accompleteral in the couldateral in the collateral and shall not impose any upon Lender to exercise any such powers. Pledgor's appointment of Lender may accompleteral in the couldateral in the couldateral in the event and will survive any disability of Pledgor.
- (5) This Security Agreement, Lender's rights hereunder and/or the Indebtedness hereby secured may be assigned by Lender in whole or in part from time to time, and in any such case Lender taking the release assigned and the assignee shall be fully glacinarged from all responsibility with respect to the Collateral so assigned and the assignee shall be fully glacinarged from all responsibility with respect to the Collateral so assigned and the assignee shall be fully glacinarged from all responsibility with respect to the Collateral so assigned and the assignee shall be fully glacinarged in may have against the assignee, and Pledgor will assert no takin or definers Pledgor may have against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee and the respect to the extent to takin or definers and will not assert against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee and the respect to the extend to the order of the value against the assignee, except those granted in this security Agreement. In addition, Pledgor waives and will not assert against the assignee and the assignee, except those granted in this security Agreement. In addition, Pledgor waives and will not assert against the assignee and the respect not be valued.
- (6) Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the Collateral, and Pledgor shall assist the Lender in making any such inspection.
- (7) Lender may notify the account debtors or obligors or any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to Pledgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify information furnished by Pledgor.
- (8) Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral.
- (9) Lender may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such percentage.
- (10) Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion not Collateral in its possession unless it shall have received from Pledgor detailed written instructions to to present for conversion any instrument of Collateral in its possession unless it shall have received from Pledgor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.
- (11) Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender rights release, modify or waive any right it may have to require Lender to pursue any third person for any of the Indebtedness.
- (12) Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral.
- (13) If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and applied to the indebtedness of the Purchaser. In the event, the purchaser fails to pay for the Collateral, Lender may resell the Collateral and applied to the indebtedness of the Purchaser. In the event, the purchaser fails to pay for the Collateral, Lender may resell the Collateral and applied to the indebtedness of the Purchaser.
- (15) Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of:
- (i) the Note,
- any of the other Indebtedness, or
   any other obligation owed to Lender by Plednor or any other (iii)
- (iii) any other obligation owed to Lender by Pledgor or any other person.
- (16) This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Pledgor to this Security Agreement.
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

The foregoing rights and powers of Lender will be in addition to, **and not a limitation upon, any rights and powers of Lender given by law,** elsewhere in this Security Agreement, or otherwise.

### B. Remedies in Event of Default

During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the Code or by this Security Agreement, including the following:

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(1) require Pledgor to deliver to Lender all books and records relating to the Collateral;

- require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;

- surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- (7) If disposition of the Collateral leaves any portion of the Indebtedness unsatisfied, collect the deficiency from all liable parties. Expenses, and Pelagor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable laws and fees.
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;

(9) Lender may, without demand or notice of any find, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender may, without demand or notice of any find, appropriate and apply toward the payment of any property, balances, credits, deposits, accounts or monits of Pledgor which for any purpose is in the possession or control of the Lender or any property, balances, credits, deposits, accounts or monits of Pledgor which for any purpose is in the possession or control of the Lender or any property, balances, credits, deposits, accounts or monits of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depository institution of International Bank property and or control of the Lender or any member Bank, branch Bank or other depository institution of International Bank property.

(10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other prior or subsequent Event of Default.

### SECTION VIII: ADDITIONAL AGREEMENTS.

(Z)

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement. Information concerning this security interest may be obtained at the office of Lender set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither ketensions nor increases of any of the Indebtedness nor releases of any of the Collateral hall affect the validity of the security interest hereby created with neither affect nor performance to Pledgor or any third indebtedness nor releases of any of the Collateral hall affect the validity of the security interest hereby created with releases of any of the Indebtedness nor releases of any of the Collateral hall affect the validity of the security interest hereby created with release of any of the Collateral indeptedness. Additionally, foreclosure of this Security hereby created by lawsuit does not limit Lender's remedies, including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all termedies after and no remedy shall be a defense to any other. Lender shall have the right to exercise all termedies including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all termedies including the right to sell the Collateral to a defense to any other. Lender shall have all remedies are conting the security and the remedies are conting to those provided in this Security Agreement.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies any remedies or indicts developed or waive any function to waive any further exercise of those remedies or rights. The failure of Lender new creates any remedies or rights does not waive unsequent exercise of those remedies or rights. The failure of Lender may remedies any turber for exercise any remedies or rights does not waive useduent or the remedies or rights. The failure of Lender to sercise any remedies or rights does not waive any turber for exercise of those remedies or rights. The failure of Lender to sercise any remedies or rights does not waive any sercise of those remedies or rights. The failure of Lender to secret or default without waiver by Lender or any remedie to any remedies or rights does not waive any further exercise of those remedies or rights. Any waiver by Lender or any remedie to any turber for exercise or rights. Any waiver by Lender to any Event of Default is long to the remedies or rights does not waive any secret or default.
- (5) Pledgor and Lender intend that the Indebtedness shall be in strict compliance with applicable usury laws. If at any time interest contracted for, characterized tor, and the received under any inderedizedness excured by this Security Agreement, or any other documents evidencing, usual documents evidencing, which received under any indebtedness secured by this Security Agreement, or any other documents evidencing, with respect to any other hole any indebtedness of the provisions of this Security Agreement, or any other documents evidencing, with respect to any other documents evidencing, or Borrower, as the case may be, it is agreed that all sums editation of the mediately credited by Lender to Fledgor or Borrower, as the case may be, it is agreed that all sums editations of any other to cardited by Lender to fine detaction with any indebtedness by Lender Nichen indeptedness it is agreed that all sums editation of any other to cardited by Lender Nichen with complexions of the Indebtedness it is agreed that all sums editation of the provisions of the Indebtedness it is agreed that all sums editations of the Indebtedness by Lender Nichen with any other the Indebtedness it is agreed that all sums editor and the indebtedness by Lender Nichen Niche and the advised by Lender Nichen Nichen Nichen Niche advised to a stroket the Indebtedness it is agreed that all sums editor and the indebtedness it is agreed that all sums editor and the indebtedness it is agreed that all sums editor and the indebtedness is a the case may be, to the provised, allocated, and spread over the full period of time editor is the indebtedness in a stroket at any summediately credited by Lender Nichel and the advised by Lender Nichel and the advised stroke at a cardited by Lender Nichel and the advised stroket and and the indebtedness is and the advised stroket and advised over the full period of the indebtedness is any editor or the advised stroket at a stroket and advised over the full period of the indebtedness is a now advised by predis
- (6) Lender may perform any obligation which Pledgor faits to perform and Pledgor agrees on demand to reimburse Lender immediately for any stated in the Note or the Note of the Note Secure of Section V, A, (9) for insurance reimburseements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and and construed and enforced in accordance with the laws of such exception State, except to the extent that the Code provides for the application of the law of construed and enforced in accordance requires, singular nouns and pronouns include the plural. The rights of Lender under this Security Agreement shall inure to the benefit of its successors and assignment of part of the Indebtedness and delivery by Lender of any Agreement shall inter to the benefit of its successors and assignment of part of the control of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is provisions will constitute valid provision hereof and all other provision hereof and all other provisions will constitute valid provisions. We can write the enforceable, the unenforceablity of such provision will not affect the enforceable of any other provision hereof and all other provisions will constitute valid provisions.

(9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

SECTION IX: ARBITRATION

PLEASE READ THIS CEREFULLY. IT AFFECTS YOUR RIGHTS.

Page 7 of 10

PLEDGOR AND LENDER AD REALED AS FOLLOWS (hereinster referred to as the "schination Provisions"):

LSpecial Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

026-722-76506

Informal Resolution of Customer Concerns. Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and

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1988-297-986	eteqeS	15.
210-218-2200	oinotnA ns2	.11
1226-299-198	Port Lavaca	10
0012-148-204	Oklahoma	.6
826-686-0263	McAllen	.8
113-526-1211	notsuoH	.7
830-773-2313	Eagle Pass	.9
0004-888-108	Corpus Christi	.8
9191-427-936	Commerce Bank	.4.
0001-279-996	Brownsville	3.

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims count instead of in counts of general jurisdiction.

Sending Motice of Dispute, if either you or the Lender intend to seek abitiration, then you or the Lender must fintar send to the other by certified mail, return receipt requested, a written Motice of Dispute. The Motice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancaharea Corporation, P.O. Drawer 1359, Laredo, Texas 780A2-1359 or if by email, Dennis E. Nixon, President, at International Bancaharea Corporation, P.O. Drawer 1355, Laredo, Texas 780A2-1359 or if by email, Dennis E. Nixon, President, at International Bancaharea Corporation, P.O. Drawer 1355, Laredo, Texas 780A2-1359 or if by email, potentise E. Nixon, President, at International Bancaharea Corporation, P.O. Drawer 1355, Laredo, Texas 780A2-1359 or if by email, motion is a sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.

If the Dispute is not Informally Resolved. If you and the Lender do not reach an agreement to resolve the claim or dispute within the Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender may commence a binding arbitration proceeding.

"<u>DISPUTE(S)</u>" As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all daims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of redit, letters of credit rediting but not line town and labeled as the lender, any and all past, present and/or future loans). Includes or other form of indebtedness and/or genements involving the PARTIES, any and all services or products provided by the Lender, any and all past, present and/or future loans). Including the PARTIES, and/or addit applicable laws and/or redit, letters of credit rediting but not not indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or addit to addit applicable laws and/or reduting the PARTIES, and/or addit applicable laws and/or reduting the past of not on claimate to any past or present relationship of the PARTIES, any and all transactions between or involving the PARTIES, and and with the transactions between or involving the PARTIES.

(e) "CONSUMER DISPUTE" and "EUSINESS DISPUTE". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, tamily or household purposes, "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE, to an to personal, tamily or household purposes, "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE, the second of the Lender that is not a CONSUMER DISPUTE.

"PRRTIEs" or "PRRTY". As used in these Abitration Provisions, the term "HPRTIEs" or "PRRTY" means Pledgor, Lender, and each and all persons and antides signing this Agreement or any other agreements between or among any of the PRRTIEs" or the transaction, "PRRTY", so "PRRTY" shall be broadly construed and include individuals, pereners, inmide partners, limited liability members, shareholders, subsidiaries, partent companies, affiliates, officers, directors, employees, heirs, agents and/or any person or beneficiary who receives products or sarvices from "you" and "shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "you" "refer to Pledgor, and the torgoing and/or any Agreement. Throughout these Arbitration Provisions, the term "you" and "you" "refer to Pledgor, and the term "Arbitrator" refer to the individual arbitrator or panel of arbitration Provisions, the term "you" and "you" "refer to Pledgor, and the term "Wou" the individual arbitrator or panel of arbitration provisions, the term "you" and "you" "refer to Pledgor, and the term "Wou" the individual arbitrator or panel of arbitration provisions, the term "you" and "you" "refer to Pledgor, and the term "Wou" the individual arbitrator or panel of arbitration provisions, the term "you" and "you" "refer to Pledgor, and the term "Wou" the individual arbitrator or panel of arbitration provisions, the case may be, before which the DISPUTE is arbitrator.

CLASS ACTION WAIVER. The PARTIES sgree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brunded in purported representative capacity on behalf of the general public, other customers or potential customers or persona similarly situated, and (ii) no arbitration proceeding hereunder shall be consultated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH and (ii) no arbitration proceeding hereunder shall be consultated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH ANIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.

(i) FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interiate commerce. The Federal Arbitration for these Arbitration for the interpretation and (ii) all arbitration for evidences the federal Arbitration for these Arbitration for these Arbitration for these Arbitration for the interpretation and (ii) all arbitration for evidences the federal Arbitration for these Arbitration for these Arbitration for the interpretation and (ii) all arbitration for evidences the federal Arbitration for these Arbitration from Provisions. THE PARTIES AGREE THAT, E.W., TEXAS SUBSTRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGER TO ARY CONTRELICT OF LAWS PRINCIPLES (IN WHITHOUT REGARD TO ANY CONTRELICT OF LAWS PRINCIPLES) WITL APPLY IN ANY DIFFES THE PROVIDE ARGUMENT ARE ARBITRATION PROCEEDING OR WHERE THE DISPUTE AROUSE TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LEWS, TEXAS SUBSTRATION PROCEEDING OR WHERE THE DISPUTE AROUSE TO ANY COURT ACTION REGERPORTESS OF WHO INITIATES THE PROVE COURT ACTION REGERPORTES OF WHO INITIATES THE PROVE AND ANY COURT ACTION REGERPORTESS OF WHO INITIATES THE PROVEMENT.

II. Provisions applicable only to a CONSUMER DISPUTE:

(a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association (\*AAA') under the Commercial Arbitration Released to resolved by arbitration administered by the PRRTES that these Arbitration Provisions meet process Frotocol (which set incorporated neutron of the American Arbitration Resolution of Consumer Disputes and consumer Disputes and the Consumer Disputes and the Consumer Disputes and the American Arbitration administered by the PRTES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association is Consumer Disputes and consumer Disputes and consumer Disputes and the Proceed and the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of consumer Disputes and consumer Disputes and the Procees Frotocol and the Process Frotocol and the PRTES that these Arbitration. If a CONSUMER DISPUTE is for a daim of solution of consumer Disputes and consumer Disputes and the PRTES that the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of consumer Disputes and the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of the American Arbitration. If a CONSUMER DISPUTE is for a daim of solution of the American Arbitration. If a constraint arbitration are arbitration of the American Arbitration are arbitration. If a constraint arbitration are arbitration arbitration are arbitration. If a constraint arbitration a

(b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims courd, if the CONSUMER must contact the small claims courd, any PARTY pursuing the claim or your local must contact the small claims courd are claim or out difference on the claim state contact the small claims courd are claims or the claims courd. The PARTY bureauting the claim or your local small claims courd, if the CONSUMER must contact the small claims courd are claim or your local small claims courd are claim or your local small claims courd.

For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration fees and reasonable expenses your attorney does not exceed 55,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration event of your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.

Under the AAA's Supplemental Procedures for Consumer Disputes, if your daim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages does not exceed \$70,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 put does not exceed \$70,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs you would otherwise be responsible for that activation fees and costs in arbitration fees and costs you would otherwise be responsible for that administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim do actual damages that exceeds \$75,000, or if the end instruction of \$375 in arbitration fees and costs arbitration fees and costs arbitration fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs arbitration fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs arbitration fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees and arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees are arbitration fees and costs are exceed \$75,000. The fees and costs arbitration fees are exceed \$75,000. The fees and costs are exceed \$77,000. The fees and costs are exceed \$77,000. The fees and costs are exceed \$76,000. The fees and costs are exceed \$76,000. The fees and costs are exceed \$77,000. T

Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a daim of actual damages that does not exceed \$75,000.

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to the invalid or unenforceable term or provision. It any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard (1)these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereot. Unless the PRRTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under (K) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent juriadiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law. ([) administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions. If the AAA is unable for any reason to provide subjication services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Ability to arbitrate the DISPUTE pursuant to and consistent with these Ability to arbitrate the PARTIES are unable to agree on another arbitrate the order arow PARTIES are unable to agree on another arbitrate the order arow PARTIES are unable to agree on another arbitrate the order arow PARTIES are unable to agree on another arbitrate the order or arbitrate to agree on another arbitrate the order or arbitrate to a service provider. (1) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding folls such statute of limitations.  $(\mathbf{y})$ The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the avaid, as strictly confidential; provided, however, that a witten award or erchanged, testimony and other evidence, briefs and the avaid purdation to confirm and/or enforce such award or order. (6) ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified. strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall rank those potential arbitrators and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitration by each PARTV. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a the or given to such potential arbitration by each PARTV. For s one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA and member variables and the instant of their respective strikes. For a three (3) member arbitration panel, the PARTIES exercise all of their respective strikes. For a three (3) usember arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA and from the PARTIES exercise all of their respective strikes. For a three (3) usember arbitrator panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA and from the PARTIES exercise all of their respective strikes. Allower arbitrators from the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the PARTIES are limited to an equal number of strikes are strikes. Allower early are arbitrators from the PARTIES are limited to an equal number of strikes arbitrators from the PARTIES are limited to a second are arbitrators from the PARTIES are limited to a second are arbitrators from the exercising all of their allottat respective arbitrators from the particular to a second are arbitrated are arbitrated are strictly are arbitrators from the particular to a second are arbitrated are (1) Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law. (ə) and/or abste any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and or the Arbitrator. The PRRTIES agree a timely written notice of intent to arbitrate by either PRRTY pursuant to these Arbitration Provisions shall stay Any PRRTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTES after a DISPUTE has arisen. (p) claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any performation in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any event be deemed a waiver of such PARTY'S right to compel arbitration. counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such PARTY's receipt of service of the articly in the set of the set of the set of the initial in the set of the initial in the set of the initial of the set o (c) PARTIES otherwise expressly agree in writing. These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the (q) DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any (g) General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES: ·\\ fourteen (14) days after entry of the decision. The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator as the Arbitrator as the Arbitrator as the Arbitrator dense of the prevailing PRRTY. The Arbitrator shall retain jurisdiction over questions of atomey's fees for the prevailing prevailing prevailing the feest or the prevailing pr (p) or (III) penalties, statutory or otherwise. shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator (c) the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief ancillary and/or provisional judicial remedies shall not operate as a waiver of either PARTY's right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitratior. The PARTIES agree that or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalt of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, foreclosure of collateral, and nonjudicial remedies (such as garnishment, attachment, specific performance, receiver, injunction The PARTIES shall have the right to (i) invoke self-help remedies (such as seroff, noiffication of account debtors, seizure and/or (q) world be your responsibility. for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that Any and all BUSIVESS DISPUTES between the PARTIES anall be resolved by arbitration in accordance with the Commercial PUSPUTE for a claim of AAA in after at the time of filing, as molitiked by, and cubject to three Abitration Function and the exceeds \$500,000, exclusive of arbitration Rules of the request of any PARTY. In the event the aggregate of all affirmative round access at 500,000, exclusive of arbitrations at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY for any arbitration Functed under the AAA for forcedures interest and attorney's fees, or upon the written request of any PARTY for the arbitration statistic on statistic and the AAA and arbitration flow and interest and attorney's fees, or upon the written request of any PARTY for a claim for controlled under the AAA for forcedures for the arrow of the arbitration at the arbitration at the function at the function for a base and attorney at the function for any arbitration attorney at a state to a state the arbitration attorney at a state and and the arbitration attorney of the arbitration attorney attorney attorney attorney at a state and attorney at a state and a state and attorney at a state and (B) III. Provisions applicable only to a BUSINESS DISPUTE:

To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact

the AAA at 1-800-877-877-008-1 is AAA and

(1)

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement. Pledgor and Lender agree that the following solidations of Pledgor and to be accerted by this Agreement and constitute "Indebtedness", as that term is used in this Agreement. (i) any and all

JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROC**EEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING** A MAIITER FOUN, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO **A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A** A UNIVER FOUN

NODGE ONLY.

espect to any Swap Transaction shall constitute an Event of Default under this Security Agreement. existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower ansing under or with existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower ansing under or with clause (i) or (ii) shove except that it is between Lender and/or a Lender Affiliate and any party or entity other than Pledgor and/or Borrower and is entered presinate defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related borces for survive whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as been and psyable in accordance with the terms of the Note.) The term script, and solve Borrower to Lender or in connection with any Swap Transaction, as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more options with respect to any such transaction. (ii) any type of transaction that is similar to any financial institution affiliate) without a such awap option, interest rate option or other financial institution affiliated with (including one or more options with respect to any such transaction). (ii) any type of transaction that is similar to any transaction retered to in clause (i) for the financial markets and which is a torward swap. (unce, option or other effected to including one or more options with respect to any such transaction). (ii) any type of transaction that is similar to any transaction retered to in clause (i) for the financial markets and which is a torward swap, future, option or other effected to any cuch transactions, or (iii) any transaction that is similar to any transaction retered to in clause (i) deviative on one or more approxements.

### SECTION XI. Miscellaneous.

any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other amendment or valver of or any consent to any departure from the Note or any other Loan Document; any exchange or release or nonperfection or all or any path and any other collateral, or any release from, amendment to, waiver of any exchange or release or nonperfection or all or any other collateral or any other collateral, or any release from, amendment to, waiver of any exchange or release or nonperfection or all or any other collateral or any other collateral, or any release from, amendment to, waiver of any exchange of release or nonperfection of all or any other collateral or any release from, amendment to, waiver of the collateral or any exchange or release or more remember of the Collateral or any other collateral, or any release from, amendment to, waiver of (1) (a) Security Interest Absolute. All nghts of the Lender and the security interests created hereunder shall be absolute and unconditional inespective of:

- (iii) to the fullest extent permitted by law, any other circumstances which might otherwise constitute a detense available to or a discharge of the
- Pledgor or Borrower or a third party pledgor.

## reasonable

constitute a part of the Indepredness. Without limitation of the foregoing, the Pledgor will termburse the Lander for all expenses (including expenses for legal services of every kind). Without limitation of the foregoing, the Pledgor will termburse the Lander for all expenses (including expenses for legal services and every kind) of a negal services and envicement of any of the provisions here of and of the indebtedness, and any extension and envicement of any expenses (including expenses for legal services, and any extension and the indebtedness, and any extension and envicement, collecting the provisions here of any of the Collateral and defending or and expension of, and any extension accepted thereof, and for the cost of the Collateral and defending or asserting the indition of any of the Lander in respect thereof, and for the case of the Collateral and defending or asserting the indition of any extension or expenses in any extension or an experiment of any extension or expenses (including expenses or other expenses in any extension or expenses) and any extension or expenses in a state of the collateral and defending or asserting the control of any of the Lander in respect thereof, and for the case of the Collateral and defending or asserting the control of any of the collateral and the control of any of the collateral and defending or asserting the expenses of the control of any extension or expenses of the control of any of the collateral and the control of the control connection with this Security Agreement, the Loan Documents or the transactions contemplated hereby or thereby other than those arising out out of the Lender's bracky, default, and the Loan Documents or the transactions under this Security Agreement or the Loan Documents. (b) Indemnification. The Pledgor agrees to indemnify and defend the Lender and hold the Lender harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind of nature whatsoever which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any weak arising out of or in any way relating to or in any work of the transmission.

(c) This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This Agreement has been accepted by Lender in the State where Lender is located. (c)

new document. term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be subject log any amendment or busilised and and such document shall be subject to the provisions of this provision of any amendment or busilised and such document shall be subject to the provision of any amendment or busilised and such document shall be subject to the provision of any amendment or busilised and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and and such document shall be subject to the provision of any amendment or busilised and any amendment or busilised any amendment or busilised and any amendment or busili Income a construction of the state of the st (d) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction.

or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate. (e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such payments unligible (i) is the payments unliked and past due photopast due p

Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and and all repurchase agreements or other non-deposit obligations, also accounts upon which the grant of a security interest would be prohibited, and and an and all repurchase agreements or other non-deposit obligations, also To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of

This Security Agreement constitutes written notice of a security interest if required by applicable law.

PLEDGOR HEAD AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HAS AGREED TO ITS TERMS. (y)

### SECTION XII: NO ORAL AGREEMENTS

# THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

INTEREMENT ON UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

5024 Dated: February

### HLEDGOR(S):

A Texas Limited Partnership Savannah at Lakeview, LP

Tertle: General Partner YnsqmoO yfilidsiJ betimiJ 2sx9T A By: Savannah at Lakeview GP, LLC

:ÂB

Title: President JapniW Tau : 9msN

Address: 16812 Dallas Parkway

Dallas, Texas 78248

SECURED PARTY:

International Bank of Commerce

:βλ:

Inspire: President beeR eed : JameN

# **SECURITY AGREEMENT**



 D3te
 Reference Number
 Officer
 Initial

 2/
 /2024
 1080037217
 Lee Reed

Lender: International Bank of Commerce

Pledgor(s): Savannah at Lakeview, LP

The undersigned Pledgor, owner of Collateral (as hereinatier defined), whether one or more, and International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78556. (hereinatier called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

SECTION I: Creation of Security Interest.

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Section II of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III below). All such personal property is referred to herein as the "Collateral."

SECTION II: Description of Collateral.

1. The security interest is granted in, among other personal property, the following Collateral:

a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

That certain Collateral described on Schedule I, attached hereto and made a part hereot, utilized in connection with, or located on, that certain real purposes (the "Land").

b 1 The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)

2 The above timber is standing on: (describe real estate; attach additional sheet if needed)

3 J The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)

c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the real estate must be sufficiently specific as to give constructive notice of a mortgage on the real estate must be sufficiently specific as to give constructive notice of a mortgage on the real estate must be sufficiently specific as to give constructive notice of a mortgage on the real estate must be sufficiently specific as the give constructive notice of a mortgage on the real estate must be sufficiently agreement as the give constructive notice of a mortgage on the real estate must be sufficiently agreement of the real estate must be sufficiently agreement as the give constructive notice of a mortgage on the real estate must be sufficiently agreement of the real estate must be sufficiently agreement as the give constructive notice of a mortgage on the real estate must be sufficiently agreement as the give constructive notice of a mortgage on the real estate must be sufficiently agreement as the give constructive notice of a mortgage on the real estate must be agreement as the give constructive notice of a mortgage on the real estate must be agreement as the give as the

The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

d All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unborn young of animals and poultry.

e All property similar to the Collateral described in Section II.1.a. above, hereafter acquired by Pledgor.

All proceeds, products, and profits of the Collateral described in Section II.1.s. are included. Coverage of products and proceeds for financing statement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, lease, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral, except in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the Collateral, except in accordance with the provisions of this instrument.

g Location where Collateral is to be kept: As Approved By Lender In Its Sole Discretion.

2. Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Comments thereforeferred to herein as the "Code"):

$\square$	Agricultural Liens	
	Commercial Tort Claims	Sales of Payment Intangibles or Promissory Notes
x	Deposit Accounts	ztezzA tnemmevoo no zneiJ
x	Accounts	snoitseidO pritong
x	Instruments	Letter-Of-Credit Rights
X	X Investment Property	Chattel Paper
	X (esu msi) fremqiup3	Ιυνευτοιλ
X	X (eusiness use) themqipE	General Intangibles
X	Consumer Goods	Farm Products

And to the extent not listed above as original Collateral all proceeds and products of the foregoing.

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

- If any of the Collateral is accounts, give the location of the office where the records concerning them are kept (if other than Pledgor's .4 curonological order the Pleagor purchased the Collateral. on a "first-in-first-out" basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described in Section II.1.a., or Lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the Collateral. To the extent Pledgor uses the Indebtedness to purchase Collateral, Pledgor's repayment of the Indebtedness shall apply .5
- address set forth on page 1 hereof):
- "Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for .6

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### SECTION III: INDERTEDNESS

interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"): This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security

Borrower, including but not limited to the indebtedness evidenced by the following described promissory note (the "Note"): unpaid late charges, attorneys' fees, collection costs, and all other sums owing by Pledgor, or any of the undersigned if more than one, and/or defined) to Lender, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and unpaid principal, accrued and interest, accrued and and/or arising, and regardiess of how evidenced or arising, as to outstanding and unpaid principal, accrued and unpaid interest, accrued and Any and all indebtedness, liabilities and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinstiter

modifications, refinancing, consolidations and substitutions thereof. Real Estate Lien Note/Promissory Note dated the February ... 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars And No Centra (\$5,500,000,00), executed by Savannah at Lakeview, LP and delivered to Lender, together with all renewals, extensions,

and further without limitation to:

- any and all commercial loan or indebtedness; .4
- any and all credit card or other consumer type of loan; в.
- any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.); any and all indeptedness relating to protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations dopping in this contract in the D. :0
- any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III; Ξ. described in this Section III;
- .7
- other items, or by any other manner or form; .9 any and all letters of credit and/or indebtedness ariaing out of, or advanced to pay, letters of credit transactions; any and all indebtedness; however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or other indeptedness; however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or
- Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created Ή any and all other indebtedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares
- any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in and/or ansing, and regardless of how evidenced or ansing; any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III; 1
- expenses, and expenses of sale; this Section III, and maintain and preserve the Collateral, including without limitation, all taxes, assessments, attomeys' fees and legal ٦.
- the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code); 'Ж
- the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code); ٠٦
- the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); additional and the same set of the purchase by Lender of Promissory Notes (as defined in the Code); .M
- .0 .N
- and which is a forward swap, future, option or other derivative on one or more rates, or (iii) any combination of the transactions described instrument or (ii) any type of transaction, or (ii) any type of transaction), or (iii) any type of transaction that is similar to any instrument or instrument or instrument or instrument or any type of transaction that is currently, or in the future becomes, recurrently entered to in clause (i) above that is currently, or in the future becomes, recurrently entered to in clause (i) above that is currently, or in the future becomes, recurrently entered to in the final entered in the future period. institution affiliated with International BancShares Corporation which is a rate swap, swap option, interest rate option, or other instroial agreement with respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any financial institution affiliated with International BancShares Corporation arising under or in connection with any Swap Transaction. The term "Swap Transaction", as used herein, means (i) any transaction (including an
- Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy any of the foregoing that arcses after the filing of a petition in bankruptcy by or against Pledgor or Borrower under the United States .4 ID Clause (I) or (II) above; and

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means, collectively, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents"

to Lender in connection with the Note.

of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes. by notes, open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced

ine of credit loans. collateral covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such Indebtedness, or the type of

Any party hereto may change its address for notice in the manner set forth in this paragraph. address of Pledgor set forth on page 1 hereof; provided, however, actual notice to Pledgor, however given or received, shall always be effective when given or received. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed, on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. as set out on page 1 hereof [Attn:Al Villarreal], and (ii) if to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the Notices: Notices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address

## SECTION IV: PERFECTION OF SECURITY INTERESTS.

### -inng Of Financing Statements. ٠ι.

- Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereof (collectively referred to as the "Financing Statements", whother one or more) describing the Collateral, as Lender deems necessary, in (!)
- its sole discretion, to evidence and/or perfect its rights under this Security Agreement. Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender, necessary (in Lender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (in Lender any obtain, prior or subsequent to the filing of any Financing Ital Lender's security interest is prior to all other security interests of the filence is a principal of the filence of any Financing Ital Lender's security interest is prior to all other security interests of the filence of the filence of the second security interest and the filence of the filence of the security interests. (111) (ii)
- or other interests reflected in the report.

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- chooses to perfect its security interest by possession only, or in addition to the filling of Financing Statements. Where Collecteral is in the possession of a link party, Pledgor will join with Lender in notifying the third party of Lender's security interest (!!) Pleagor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender (!)
- extent necessary to perfect Lender's security interest in the Collateral. and obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the
- with respect to Collateral consisting of: Control Agreements. Pledgor will cooperate with Lender in obtaining a Control Agreement in form and substance satisfactory to Lender 3'

- 'siunoppy iisodari (1)
- Letter-Of-Credit Rights, and (111) Investment Property, (11)
- Electronic Chattel Paper. (vi)
- indicating that Lender has a security interest in the Chattel Paper. Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender

# SECTION V: Pledgor's Representations, Warranties, and Agreements.

### A. General Kepresentations and Warranties.

## Pledgor represents, warrants and agrees that:

- performed in connection with the execution, delivery, and performance of this Security Agreement. terms. No consent of third parties, license, authorization or filing with any governmental authority is required to be obtained or Pledgor has full power and authority to enter into this Security Agreement; this Security Agreement has been duly authorized, executed and delivered by Pledgor and constitutes the valid and binding obligation of Pledgor enforceable in accordance with its (1)
- sug genune. to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid, All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior (z)
- Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, restriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due.  $(\varepsilon)$
- Financing Statements covering any of the Collateral or the proceeds thereof to hereafter be on file in any public office except as may be filed pursuant to this Security Agreement. No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any (+)
- including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be requested by Lender; (ii) an appreisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required by Lender; (ii) connection with the Indebtedness or the Collateral. Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lender's request, (i) financial information, (၄)
- intormation regarding the Collateral. Pledgor will not use the Collisteral or permit the Collisteral to be used in violation of any statute, ordinance or other law or inconsistently with the terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Collisteral at all reasonable times, and for such purpose Lender may enter upon or into any permises where the Collisteral times, and for such purpose Lender may enter upon or into any premises where the Collisteral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collisteral and the Collisteral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collisteral and the Collisteral at all the concernent to the Collisteral at all the Collisteral at a succession of the Collisteral at all the Collisteral at a succession of the Collisteral at a succession of the Collisteral at all the Collisteral at all the Collisteral at all the Collisteral at all the Collisteral at a succession of the Collisteral at a succ (9)
- writing in advance of its removal to another location. The Collisteral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession of the Collisteral, and shall be kept at the location set forth in Section II.1.9, hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in (I)
- Security Agreement and shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof. Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, Lender at its option, but without any obligation, may pay any of them, and shall become part of the locability or validity interaction and the and the sole judge of the legality or validity interactions and shall become part of the locability for same. Such payment shall become part of the foldebate areas service to addite the sole judge of the locability of validity or validity of validity of the locability of the locability of validity of the locability is a same. Such payment shall become part of the locability of validity of v (8)
- or cancellation thereot. policies of insurance shall provide that Lender shall receive thirty (30) days prior written notice of any material changes in coverage property insurance policy shall also contain a standard mortgagee's endorsement providing for payment of any loss to Lender. All satistactory to Lender. If available, federal flood insurance is also required if the Collateral is situated in a flood-prone strea. The insurance policies. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies lisbility insurance in such coverage amounts as Lender may request with Lender being named as additional insured in such liability Pledgor shall maintain as all times properly insurance upon all Collateral with coverage for penils as set forth under the ISO Causes of Loss - Special Form (formetly "all-risk"), with coverage extended for the penils of flood if the Collateral is situated in a flood-prone of Loss - Special Form (formetly "all-risk"), with coverage extended for the penils of flood if the Collateral is situated in a flood-prone of Loss - special Form (formetly "all-risk"), with coverage extended for the penils of flood if the Collateral is situated in a flood-prone of Loss - special Form (formetly "all-risk"), with coverage extended for the penils of flood if the Collateral is situated in a flood-prone of the section of the flood in the flood of the section of the (6)

Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coverage will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each policy.

Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebtedness, whether the Indebtedness is then due or not. Lender may, in its sole discretion, purchase single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore shall become oart of the Indebtedness secured hereby as provided below.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Pledgor for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, (including single interest insurance described above), taxes and other charges described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collateral. Any such sums which may be so paid by Lender shall become part of the Indebtedness secured by this Security Agreement, shall bear interest from the dates of such payments until paid (i) at the loan contract interest rate applied to the unmatured principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate, and shall be due, together with any accrued and unpaid interest thereon, upon demand by Lender.

TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO (I) KEEP THE COLLATERAL INSURED AGAINST DAMAGE IN THE AMOUNT SPECIFIED HEREIN; (II) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER OR OTHERWISE AS PROVIDED HEREIN; AND (III) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN; (B) SUBJECT TO THE PROVISIONS HEREOF, PLEDGOR MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THEPAYMENT OF PREMIUMS; AND (C) SUBJECT TO THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPARTS (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF PLEDGOR AT PLEDGOR'S EXPENSE.

- (10) Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Agreement.
- (11) Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender.
- (12) Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SOS Reports and governmental certificates and all filing fees, continuation fees, and fees for certificates of good standing and other information required by Lender.
- (13) Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, including, but not limited to feed, rent, storage costs, and expenses of sale.
- (14) If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to adequately secure the Indebtedness, or should Lender deem itself insecure as to payment of the Indebtedness, then Lender may call for additional property to be pledged and/or covered by this Security Agreement satisfactory to Lender.
- (15) If any Collateral or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform in all respects to applicable state and federal consumer credit and/or protection laws.
- (16) In the event Pledgor or any other person or persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or the enforcement of Lender's rights in the Collateral, Pledgor hereby agrees to give written notice to the President of Lender, at the address of Lender set forth in the first paragraph of this Security Agreement, or such other person or address as Lender may designate in writing to Pledgor, two business days prior to seeking any such injunctive relief.
- (17) As additional security for the Indebtedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual right of set-off in and to all of the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time hereafter coming within, the custody or control of Lender or any member Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off may be exercised without demand or notice to Pledgor. No security interest, lien or right of set-off shall be deemed to have been waived by any act or conduct on the part of Lender, or any failure to exercise such right of set-off or to enforce such security interest or lien, or by any delay in so doing. Every right of set-off security interest and lien shall continue in full force and effect until such right of set-off, security interest or lien is specifically waived or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in lieu of any rights of set-off allowed by law. This subsection (17) does not apply to homestead, homestead equity, and/or homestead equity line of credit loans.
- (18) Pledgor shall assist Lender in complying with the Federal Assignment of Claims Act (and any successor statutes) and similar laws to enable Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender of any change occurring in or to the Collateral, or in any fact or circumstances warranted or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs.
- (19) Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
- (20) All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the Note).

(21) Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is located, and shall notify Lender upon receipt of any notice or other information as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws. Pledgor agrees to indemnify, defend and hold Lender harmless from and against any breach of the foregoing and all losses, costs, fines and damages, including court costs and attorney's fees, incurred by Lender to defend itself, or to protect or preserve the Collateral against environmental risks, hazards, fines, and other claims relating to the Collateral.

(22) Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full:

(a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;

- (b) change the state of its incorporation, organization or registration;
   (c) change its name;
- (d) change the address and/or location of its Chief Executive Office (as defined in the Code); or

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(e) file any instrument attempting to amend or terminate any Financing Statements, including without limitation a UCC-3 amendment or termination form.

- (23) Pledgor has the risk of loss of the Collateral
- (24) Lender has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

### B. Special Representations and Warranties.

Pledgor represents warrants and agrees that:

- If the Collateral includes inventory: (1)
  - Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a (a) first-priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price. Pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written consent of Lender.
  - Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract of service any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall (b) not be inconsistent with any other provisions of this Security Agreement or with the terms or conditions of any policies of insurance thereon. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.
- (2)If the Collateral includes accounts:
  - Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by (a) any instrument or chattel paper.
  - The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof. (b)
- (3)If the Collateral includes instruments, chattel paper or documents:
  - (a) By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement will also constitute Pledgor's instruction to deliver to Lender certificates or other evidence of the Collateral as soon as it is available. Pledgor will immediately deliver to Lender all chattel paper and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and either endorse it to Lender's order or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt thereof by Pledgor, and in any event promptly upon demand therefore by Lender. If necessary, all Collateral will either be endorsed to Lender's order or accompanied by appropriate executed powers.
  - By means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if (b) any, included in Collateral.
- If the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the laws of any jurisdiction, issued or outstanding with respect to the Collateral or any part thereof, Pledgor will promptly (4)advise Lender thereof, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and if any certificate of title or similar document is so issued or outstanding at the time this Security Agreement is executed by or on behalf of Pledgor, then Pledgor shall have caused the interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any such certificate of title or similar document issued or outstanding at any time with respect to such Collateral
- To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a (5)lien entry form.
- If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the (6)real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the Code upon such of the Collateral which is or may become fixtures.
- Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse (7)claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.
- All Collateral consisting of goods is located solely in the state and/or states previously designated and warranted by Pledgor to Lender. (8)
- Pledgor's: (9)
  - (a) chief executive office is located in the state previously designated and warranted by Pledgor to Lender;
  - state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and (c) exact legal name is as set forth on page 1 of this Security Agreement.

SECTION VI: EVENTS OF DEFAULT.

Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or
- (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan Documents, or any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Pledgor or Borrower or any other event of default or breach occurs thereunder; or
- (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control agreement (if applicable), or in any other agreement between Lender and Borrower or Pledgor, or (b) any information contained in any financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made; or
- (4) Pledgor:
  - (a) dies or becomes physically or mentally incapacitated; or
  - (b) in the case of a Pledgor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or (c) makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in
  - respect of its creditors generally; or
  - becomes insolvent or generally does not pay its debts as such debts become due; or
  - conceals, removes, or permits to be concealed or removed, any part of Pledgor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any bankruptcy, (e) fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Pledgor for the purpose of enforcing

a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

- (6) An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be incompetent is entered by any court; or
- (7) Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or
- (8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor for the purposes of collecting a lawful debt; or
- (9) Any action or proceeding seeking any appointment or order described in subsections (5) or (6) above is commenced without the authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or
- (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Pledgor, could materially and adversely affect Pledgor's financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or
- (11) Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Pledgor to repay the Indebtedness or to properly perform Pledgor's obligations under this Security Agreement or the other Loan Documents; or
- (12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (if Borrower and Pledgor are not the same).
- (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that the Indebtedness is inadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of Pledoor's or Borrower's obligations under the Loan Documents is impaired.
- (14) To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Pledgor and/or Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.
- (15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- (16) The Collateral becomes, in the judgment of Lender, unsatisfactory, or insufficient in character or value.
- (17) The occurrence of any environmentally hazardous spill, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event occurs on such premises or on other premises.
- (18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements, income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information requested by Lender.

reasonably

SECTION VII: LENDER'S RIGHTS AND REMEDIES.

A. General.

Lender may exercise the following rights and remedies either before or after an Event of Default:

- (1) Lender may take control of any proceeds of the Collateral.
- (2) Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise.
- (3) Lender may take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance.
- (4) Lender may require that Pledgor from time to time, in Lender's discretion, take any action and execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Security Agreement including, without limitation, (a) ask, demand, collect, sue for, recover, compound, receive and give receipts for monies due and to become due under or in respect of any Collateral; (b) receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with the actions described in preceding clause (a); and (c) file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for collection of any of the Collateral or otherwise to enforce its rights with respect to any of the Collateral. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Pledgor's appointment of Lender as Pledgor's agent is coupled with an interest and will survive any disability of Pledgor.
- (5) This Security Agreement, Lender's rights hereunder and/or the Indebtedness hereby secured may be assigned by Lender in whole or in part from time to time, and in any such case Lender shall be fully discharged from all responsibility with respect to the Collateral so assigned and the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Lender to the extent the same are assigned, and Pledgor will assert no claim or defenses Pledgor may have against Lender against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee any claims, defenses or set-offs which Pledgor could assert against Lender except defenses which cannot be waived.
- (6) Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the Collateral, and Pledgor shall assist the Lender in making any such inspection.
- (7) Lender may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to Piedgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify information furnished by Pledgor.
- (8) Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral.
- (9) Lender may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such percentage.
- (10) Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion any instrument of Collateral in its possession unless it shall have received from Pledgor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.
- (11) Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender may release, modify or waive any collateral provided by any other person to secure any of the Indebtedness, all without affecting Lender's rights against Pledgor. Pledgor waives any right it may have to require Lender to pursue any third person for any of the Indebtedness.

- (12) Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral.
- (13) If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Pledgor shall be credited with the proceeds of the sale.
- (15) Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of:
  - (i) the Note,
  - (ii) any of the other Indebtedness, or
  - (iii) any other obligation owed to Lender by Pledgor or any other person.
- (16) This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Pledgor to this Security Agreement.
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

The foregoing rights and powers of Lender will be in addition to, and not a limitation upon, any rights and powers of Lender given by law, elsewhere in this Security Agreement, or otherwise.

### B. Remedies in Event of Default

During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the Code or by this Security Agreement, including the following:

- (1) require Pledgor to deliver to Lender all books and records relating to the Collateral;
- (2) require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) Take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;
- (4) sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a Lender under Articles 2 and 9 of the Code after giving notice as required by those articles; unless the Collateral threatens to decline rapidly in value, is perishable, or would typically be sold on a recognized market. Lender will give Pledgor reasonable notice of any public sale of the Collateral or of a time after which it may be otherwise disposed of without further notice to Pledgor; and in this event notice will be deemed reasonable if it is mailed, postage prepaid, to Pledgor at the address for Pledgor set forth on page 1 of this Security Agreement at least ten days before any public sale or ten days before the time when the Collateral may be sold by private sale or otherwise disposed of without further notice to Pledgor. Pledgor authorizes Lender to cisclaim or modify any and all warranties set forth in the Code and stipulates and agrees that such a disclaimer and/or modification will not render any sale of the Collateral or any portion thereof by Lender commercially unreasonable.
- (5) surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- (7) if disposition of the Collateral leaves any portion of the Indebtedness unsatisfied, collect the deficiency from all liable parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Lender's reasonable attorney's fees and legal costs and/or expenses, and Pledgor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable law;
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;
- (9) Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender and in such order of application as the Lender may from time to time elect, any property, balances, credits, deposits, accounts or monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depository institution of International Bancshares Corporation; and/or
- (10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other prior or subsequent Event of Default.

### SECTION VIII: ADDITIONAL AGREEMENTS.

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement. Information concerning this security interest may be obtained at the office of Lender set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither extensions nor increases of any of the Indebtedness nor releases of any of the Collateral shall affect the validity of the security interest hereby created with reference to Pledgor or any third party. Pledgor specifically waives all suretyship type defenses. Additionally, foreclosure of the security interest hereby created by lawsuit does not limit Lender's remedies, including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all remedies at the same or different times and no remedy shall be a defense to any other, Lender shall have all rights and remedies granted by law or otherwise in addition to those provided in this Security Agreement.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies shall waive further exercise of those remedies or rights. The failure of Lender to exercise any remedies or rights does not waive subsequent exercise of those remedies or rights. Any waiver by Lender of any Event of Default shall not waive any further Event of Default. Lender may remedy any Event of Default subsequent exercise of those remedies or rights. Lender's waiver of any right in this Security Agreement or any Event of Default is binding only if in writing.
- (5) Pledgor and Lender intend that the Indebtedness shall be in strict compliance with applicable usury laws. If at any time interest contracted for, charged or received under any Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be usurious under applicable law, then regardless of the provisions of this Security Agreement or any other documents or instruments evidencing, securing or otherwise executed in connection with any Indebtedness secured by this Security Agreement, or any action or event (including, without limitation, prepayment of principal of any Indebtedness or acceleration of maturity of any Indebtedness by Lender) which may occur with respect to any of the Indebtedness, it is agreed that all sums determined to be usurious shall be immediately credited by Lender to Pledgor or Borrower, as the case may be, as a payment of principal under the Indebtedness or it the Indebtedness interest under applicable law in connection with any Indebtedness secured by this Security Agreement, and the Indebtedness is a payment of principal under the Indebtedness or it the Indebtedness at the case may be, as a payment of principal under the Indebtedness or it the Indebtedness interest under applicable law in connection with any Indebtedness secured by this Security Agreement shall be amortized.

prorated, allocated, and spread over the full period of time any of the Indebtedness is owed by Pledgor or Borrower, as the case may be, to the greatest extent permissible without exceeding the applicable maximum rate allowed by applicable law in effect from time to time during such period.

- (6) Lender may perform any obligation which Pledgor fails to perform and Pledgor agrees on demand to reimburse Lender immediately for any sums so paid by Lender, including attorneys' fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for matured, unpaid amounts. Any sum to be reimbursed shall constitute Indebtedness and be secured by this Security Agreement. [See Section V, A. (9) for insurance reimbursements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and shall be construed and enforced in accordance with the laws of such State, except to the extent that the Code provides for the application of the law of a different state. When the context requires, singular nouns and pronouns include the plural. The rights of Lender under this Security Agreement shall inure to the benefit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any part of the Collateral will fully discharge Lender from any and all responsibility for that portion of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is more than one person or entity, all their representations, warranties and agreements are joint and several. If any part of this Security Agreement is unenforceable, the unenforceability of such provision will not affect the enforceability of any other provision hereof and all other provisions will constitute valid provisions.
- (9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

SECTION IX: ARBITRATION

### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

PLEDGOR AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) Sending Notice of Dispute. If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, libcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) If the Dispute is not Informally Resolved. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "<u>DISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equily.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Pledgor, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.
- (g) <u>BINDING ARBITRATION</u>. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).
- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL

BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.

- (i) FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.
- II. Provisions applicable only to a CONSUMER DISPUTE:
  - (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
  - (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
  - (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your atorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
  - (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
  - (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a claim of actual damages that does not exceed \$75,000.
  - (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at www.adr.org.

### III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either PARTY's right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The PARTIES agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.
- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing PARTY. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.
- IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
  - (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
  - (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY's right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY is receipt of service of judicial process shall be deemed a waiver of the right of the defending PARTY's receipt of service of indicial process shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims

asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a PARTY in connection with such litigation, the failure of such PARTY to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such PARTY'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such PARTY'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a PARTY shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.

Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.

Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.

For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.

- The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any (g) documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding (h) under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration (i) service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent (j) jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law
- Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration (k) proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.
- If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced (I) without regard to the invalid or unenforceable term or provision.

JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following obligations of Pledgor and/or Borrower are secured by this Agreement and constitute "Indebtedness", as that term is used in this Agreement: (i) any and all obligations on trigger and/or borrower to Lender or any Lender now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in the Note) that becomes due and payable in accordance with the terms of the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial instrument or interest (including one or more options with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender and/or a Lender Affiliate and any party or entity other than Pledgor and/or Borrower and is entered into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower arising under or with respect to any Swap Transaction shall constitute an Event of Default under this Security Agreement.

### SECTION XI. Miscellaneous.

(d)

(e)

(f)

- Security Interest Absolute. All rights of the Lender and the security interests created hereunder shall be absolute and unconditional irrespective of
  - any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other (i) amendment or waiver of or any consent to any departure from the Note or any other Loan Document;
  - (ii) any exchange or release or nonperfection of all or any part of the Collateral or any other collateral, or any release from, amendment to, waiver of or consent to departure from any guaranty for all or any of the Indebtedness; or to the fullest extent permitted by law, any other circumstances which might otherwise constitute a defense available to or a discharge of
  - (iii) the Pledgor or Borrower or a third party pledgor. reasonable

(b) <u>Indemnification</u>. The Pledgor agrees to indemnify and defend the Lender and hold/the Lender harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind of nature whatsoever which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any way arising out of or in connection with this Security Agreement, the Loan Documents or the transactions contemplated hereby or thereby other than those arising out of the Lender's breach, default, negligence or willful misconduct in its obligations under this Security Agreement or the Loan Documents. Without limitation of the foregoing, the Pledgor will reimburse the Lender for all expenses (including expenses for legal services of every kind) of, or incidental to, the negotiation of, entering into and enforcement of any of the provisions hereof and of the Indebtedness, and any actual or attempted sale, lease or other disposition of, and any exchange, enforcement, collection, compromise or settlement of any of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, and for the care of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, by litigation or otherwise, including expense of insurance, and all such expenses shall constitute a part of the Indebtedness.

(c) This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This Agreement has been accepted by Lender in the State where Lender is located.

(d) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

(e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such payments until paid (i) at the rate of interest applied to the matured and past due principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate.

(f) To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and any and all repurchase agreements or other non-deposit obligations, also secure the Indebtedness.

(g) This Security Agreement constitutes written notice of a security interest if required by applicable law.

(h) PLEDGOR HAS READ AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HAS AGREED TO ITS TERMS

### SECTION XII: NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Dated: February \_\_, 2024

### PLEDGOR(S):

Savannah at Lakeview, LP A Texas Limited Partnership

> By: Savannah at Lakeview GP, LLC A Texas Limited Liability Company Title: General Partner

> > By:\_\_\_\_\_ Name: Jeff Winget Title: President

Address: 16812 Dallas Parkway Dallas, Texas 75248

### SECURED PARTY:

International Bank of Commerce

By: \_\_\_\_

Name: Lee Reed Title: President

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### SCHEDULE I

All of the right, title and interest of Pledgor in and to the following types or items of property now or hereafter acquired by Pledgor and all accessions or substitutions therefore and all products or proceeds thereof:

1. All improvements now or hereafter attached to or placed, erected, constructed or developed on the Land (collectively, the "Improvements");

2. All equipment, fixtures, furnishings, inventory, and articles of personal property leased or owned by Pledgor (the "Personal Property") now or hereafter attached to or used in or about the Improvements or that are necessary or useful for the complete and comfortable use and occupancy of the Improvements for the purposes for which they were or are to be attached, placed, erected, constructed or developed, or which personal property is or may be used in or related to the planning, development, financing or operation of the Improvements, and all renewals of or replacements or substitutions for any of the foregoing, whether or not the same are or shall be attached to the Land or Improvements;

3. All water, and water rights, utility capacity (including any offer of reservation which may be granted by any governmental subdivision), timber, crops, and mineral interest pertaining to the Land;

4. All building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or the Improvements except items which are fixtures;

All plans and specifications for the Improvements if any;

6. All contracts relating to the Land, the Improvements or the Personal Property;

7. All deposits, bank accounts, funds, documents, contract rights, accounts, accounts receivable, commitments, construction contracts, architectural agreements, general intangibles (including, without limitation, trademarks, trade names and symbols) and instruments, notes or chattel paper arising from or by virtue of any transaction related to the Land, the Improvements or the Personal Property,

8. All permits, syndication payments, fees, receivables, licenses, franchises, certificates, capital contributions, and other rights and privileges obtained in connection with and/or arising in or out of the Land, the Improvements and the Personal Property, including without limitation, the Tax Credits , defined as those certain low income housing tax credits provided to Pledgor pursuant to Internal Revenue Code Section 42 by the Texas Department of Housing and Community Affairs (collectively, the "Tax Credits"), and Secured Party may exercise its remedies regarding the Tax Credits hereunder if (i) Secured Party has foreclosed on the Land; (ii) Secured Party is concurrently (a) exercising its remedies regarding the Tax Credits and (b) foreclosing on the Land, or (iii) the Land is transferred to Secured Party in lieu of foreclosure;

9. All proceeds arising from or by virtue of the sale, lease or other disposition of the Land, the Improvements or the Personal Property;

10. All proceeds (including premium refunds) of each policy of insurance relating to the Land, the Improvements, or the Personal Property;

11. All proceeds from the taking of any of the Land, the Improvements, the Personal Property or any rights appurtenant thereto by right of domain or by probate or other purchase in lieu thereof, including change of grade of streets, curb cuts, or other rights of access, for any public or quasi-public use under any law;

12. All right, title, and interest of Pledgor in and to all streets, roads, public places, easements, and rights-ofway, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land;

13. All of the leases, rents, royalties, bonuses, issues, profits, revenues or the benefits of the Land, the Improvements or the Personal Property, including, without obligation, cash, or securities deposited pursuant to leases to secure performance by the lessees of their obligations there under;

14. All consumer goods located in, on or about the Land, Improvements or used in connection with the use or operation thereof;

15. All rights, interests, and appurtenances pertaining to the foregoing; and

16. All other interests of every kind and character that Pledgor now has or at any time hereafter acquires in and to the Land, Improvements, and Personal Property described herein and all rights of ingress and egress and all reversionary rights or interests of Pledgor with respect to such property.

[End]

### SCHEDULE I TO SECURITY AGREMENT

IBC – SAVANNAH AT LAKEVIEW, LP 2024

# SECURITY AGREEMENT



Date	Reference Number	Officer	Initial
2//2024	1080037217	Lee Reed	

### Pledgor(s): Rise Residential Construction, LP

Lender: International Bank of Commerce

The undersigned Pledgor, owner of Collateral (as hereinafter defined), whether one or more, and International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526. (hereinafter called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

### SECTION I: Creation of Security Interest.

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Section II of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III below). All such personal property is referred to herein as the "Collateral."

### SECTION II: Description of Collateral.

- 1. The security interest is granted in, among other personal property, the following Collateral:
  - a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

Any and all personal property of Pledgor, whether now owned or hereafter acquired, including without limitation, as described on Attachment I, attached hereto, to the extent, and only to the extent, such personal property is used in connection with, is at any time situated upon, or relates or pertains in a manner to the ownership, use, development, or operation of those parcels of real property described on Attachment II, attached hereto and/or the improvements now situated thereon and that may hereafter be constructed thereon.

- b 1 The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)
  - 2 The above timber is standing on: (describe real estate; attach additional sheet if needed)
  - 3 The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)
- c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the realty).

The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

- d All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unborn young of animals and poultry.
- e All property similar to the Collateral described in Section II.1.a. above, hereafter acquired by Pledgor.
- f All proceeds, products, and profits of the Collateral described in Section II.1.a. are included. Coverage of products and proceeds for financing statement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, lease, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral, except in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the real estate, or other matters are incorporated in and made a part of this instrument.
- g Location where Collateral is to be kept: As Approved By Lender In Its Sole Discretion.

2. Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Code of the state where Lender is located (together with the Official Comments thereto referred to herein as the "Code"):

	Consumer Goods		Farm Products
	Equipment (business use)	X	General Intangibles
x	Equipment (farm use)	X	Inventory
X	Investment Property	X	Chattel Paper
X	Instruments	x	Letter-Of-Credit Rights
x	Accounts	x	Supporting Obligations
X	Deposit Accounts		Liens on Government Assets
x	Commercial Tort Claims		Sales of Payment Intangibles or Promissory Notes
	Agricultural Liens		

And to the extent not listed above as original Collateral all proceeds and products of the foregoing.

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

- If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described in Section II.1.a., or Lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the 3. Collateral. To the extent Pledgor uses the Indebtedness to purchase Collateral, Pledgor's repayment of the Indebtedness shall apply on a "first-in-first-out" basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the Pledgor purchased the Collateral.
- If any of the Collateral is accounts, give the location of the office where the records concerning them are kept (if other than Pledgor's 4. address set forth on page 1 hereof)
- against 5. "Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for \_

### SECTION III: INDERTEDNESS

This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"):

Any and all indebtedness, liabilities and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinafter defined) to Lender, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising, as to outstanding and unpaid principal, accrued and unpaid interest, accrued and unpaid late charges, attorneys' fees, collection costs, and all other sums owing by Pledgor, or any of the undersigned if more than one, and/or Borrower, including but not limited to the indebtedness evidenced by the following described promissory note (the "Note"):

Real Estate Lien Note/Promissory Note dated the February \_\_\_, 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars And No Cents (\$3,500,000.00), executed by Savannah at Lakeview, LP and delivered to Lender, together with all renewals, extensions, modifications, refinancing, consolidations and substitutions thereof.

### and further without limitation to:

- any and all commercial loan or indebtedness;
- Β. any and all credit card or other consumer type of loan;
- C. any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.);
- any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations D. described in this Section III:
- E. any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III;
- F. any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letters of credit transactions;
- any and all indebtedness, however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or G. other items, or by any other manner or form;
- any and all other indebtedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares Η. Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created
- and/or arising, and regardless of how evidenced or arising; any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III; 1.
- any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in this Section III, and maintain and preserve the Collateral, including without limitation, all taxes, assessments, attorneys' fees and legal J. expenses, and expenses of sale;
- ĸ. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M.
- N
- the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, 0. of the Pledgor and/or Borrower to Lender or any financial institution affiliated with International BancShares Corporation arising under or in connection with any Swap Transaction. The term "Swap Transaction", as used herein, means (i) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial institution affiliated with International BancShares Corporation which is a rate swap, swap option, interest rate option, or other financial instrument or interest (including an option with respect to any such transaction), or (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or (iii) any combination of the transactions described in clause (i) or (ii) above: and
- any of the foregoing that arises after the filing of a petition in bankruptcy by or against Pledgor or Borrower under the United States Ρ. Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code or otherwise.

As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents" means, collectively, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered to Lender in connection with the Note.

To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced by notes, open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes.

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The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such Indebtedness, or the type of collateral covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity line of credit loans

Notices: Notices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address as set out on page 1 hereof [Attn:Al Villarreal], and (ii) if to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the address of Pledgor set forth on page 1 hereof; provided, however, actual notice to Pledgor, however given or received, shall always be effective when given or received. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed, on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for notice in the manner set forth in this paragraph.

### SECTION IV: PERFECTION OF SECURITY INTERESTS.

#### Filing Of Financing Statements. 1.

- Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereof (collectively referred to as the "Financing Statements", whether one or more) describing the Collateral, as Lender deems necessary, in (i) its sole discretion, to evidence and/or perfect its rights under this Security Agreement.
- Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender. Lender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (in Lender's opinion) State (the "SOS Reports") indicating that Lender's security interest is prior to all other security interests (iii) or other interests reflected in the report.

#### 2. Possession.

- (i) Pledgor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender chooses to perfect its security interest by possession only, or in addition to the filing of Financing Statements.
- Where Collateral is in the possession of a third party, Pledgor will join with Lender in notifying the third party of Lender's security interest (ii) and obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the extent necessary to perfect Lender's security interest in the Collateral.

Control Agreements. Pledgor will cooperate with Lender in obtaining a Control Agreement in form and substance satisfactory to Lender 3. with respect to Collateral consisting of:

- Deposit Accounts, (i)
- Investment Property,
- (iii) Letter-Of-Credit Rights, and Electronic Chattel Paper.
- (iv)

Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender indicating that Lender has a security interest in the Chattel Paper.

### SECTION V: Pledgor's Representations, Warranties, and Agreements.

### A. General Representations and Warranties.

Pledgor represents, warrants and agrees that:

- Pledgor has full power and authority to enter into this Security Agreement; this Security Agreement has been duly authorized, (1)executed and delivered by Pledgor and constitutes the valid and binding obligation of Pledgor enforceable in accordance with its terms. No consent of third parties, license, authorization or filing with any governmental authority is required to be obtained or performed in connection with the execution, delivery, and performance of this Security Agreement.
- All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior (2)to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid, and genuine.
- Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, (3)restriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due.
- No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any Financing Statements covering any of the Collateral or the proceeds thereof to hereafter be on file in any public office except as may (4) be filed pursuant to this Security Agreement.
- Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lender's request, (i) financial information, (5) including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be requested by Lender; (ii) an appraisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required by Lender in connection with the Indebtedness or the Collateral.
- Pledgor will not use the Collateral or permit the Collateral to be used in violation of any statute, ordinance or other law or inconsistently (6)with the terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Collateral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collateral may be located without being guilty of and/or held liable for trespass. Pledgor will furnish to Lender upon request all pertinent information regarding the Collateral.
- The Collateral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession (7)of the Collateral, and shall be kept at the location set forth in Section II.1.g. hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in writing in advance of its removal to another location.
- Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, Lender at its option, but without any obligation, may pay any of them, and shall be the sole judge of the legality or validity (8) thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof.
- Pledgor shall maintain at all times property insurance upon all Collateral with coverage for perils as set forth under the ISO Causes (9) of Loss - Special Form (formerly "all-risk"), with coverage extended for the perils of flood if the Collateral is situated in a flood-prone area, in an amount equal to the full insurable replacement cost. Pledgor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Lender. If available, federal flood insurance is also required if the Collateral is situated in a flood-prone area. The property insurance policy shall also contain a standard mortgage's endorsement providing for payment of any loss to Lender. All policies of insurance shall provide that Lender shall receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof.
Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coverage will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each policy.

Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebtedness, whether the Indebtedness is then due or not. Lender may, in its sole discretion, purchase single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore shall become part of the Indebtedness secured hereby as provided below.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Pledgor for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, (including single interest insurance described above), taxes and other charges described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collateral. Any such sums which may be so paid by Lender shall become part of the Indebtedness secured by this Security Agreement, shall bear interest from the dates of such payments until paid (i) at the loan contract interest rate applied to the unmatured principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate, and shall be due, together with any accrued and unpaid interest thereon, upon demand by Lender.

TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO (i) KEEP THE COLLATERAL INSURED AGAINST DAMAGE IN THE AMOUNT SPECIFIED HEREIN; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER OR OTHERWISE AS PROVIDED HEREIN; AND (iii) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN; (B) SUBJECT TO THE PROVISIONS HEREOF, PLEDGOR MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THEPAYMENT OF PREMIUMS; AND (C) SUBJECT TO THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPARTS (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF PLEDGOR AT PLEDGOR'S EXPENSE.

- (10) Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Agreement.
- (11) Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender.
- (12) Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SOS Reports and governmental certificates and all filing fees, continuation fees, and fees for certificates of good standing and other information required by Lender.
- (13) Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, including, but not limited to feed, rent, storage costs, and expenses of sale.
- (14) If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to adequately secure the Indebtedness, or should Lender deem itself insecure as to payment of the Indebtedness, then Lender may call for additional property to be pledged and/or covered by this Security Agreement satisfactory to Lender.
- (15) If any Collateral or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform in all respects to applicable state and federal consumer credit and/or protection laws.
- (16) In the event Pledgor or any other person or persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or the enforcement of Lender's rights in the Collateral, Pledgor hereby agrees to give written notice to the President of Lender, at the address of Lender set forth in the first paragraph of this Security Agreement, or such other person or address as Lender may designate in writing to Pledgor, two business days prior to seeking any such injunctive relief.
- (17) As additional security for the Indebtedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual right of set-off in and to all of the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time hereafter coming within, the custody or control of Lender or any member Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off may be exercised without demand or notice to Pledgor. No security interest, lien or right of set-off shall be deemed to have been waived by any act or conduct on the part of Lender, or any failure to exercise such right of set-off for to enforce such security interest or lien, or by any delay in so doing. Every right of set-off, security interest and lien shall continue in full force and effect until such right of set-off, security interest or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in lieu of any rights of set-off allowed by law. This subsection (17) does not apply to homestead, homestead equity, and/or homestead equity line of credit loans.
- (18) Pledgor shall assist Lender in complying with the Federal Assignment of Claims Act (and any successor statutes) and similar laws to enable Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender of any change occurring in or to the Collateral, or in any fact or circumstances warranted or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs.
- (19) Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
- (20) All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the Note).
- (21) Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is located, and shall notify Lender upon receipt of any notice or other information as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws. Pledgor agrees to indemnify, defend and hold Lender harmless from and against any breach of the foregoing and all losses, costs, fines and damages, including court costs and attorney's fees, incurred by Lender to defend itself, or to protect or preserve the Collateral against environmental risks, hazards, fines, and other claims relating to the Collateral.
- (22) Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full:
  - (a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;
  - (b) change the state of its incorporation, organization or registration;
  - (c) change its name;
  - (d) change the address and/or location of its Chief Executive Office (as defined in the Code); or

(e) file any instrument attempting to amend or terminate any Financing Statements, including without limitation a UCC-3 amendment or termination form.

- (23)Pledgor has the risk of loss of the Collateral.
- (24) Lender has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

### B. Special Representations and Warranties.

Pledgor represents warrants and agrees that:

- If the Collateral includes inventory: (1)
  - Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a (a) first-priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price. Pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written consent of Lender.
  - Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract of service any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall (b) not be inconsistent with any other provisions of this Security Agreement or with the terms or conditions of any policies of insurance thereon. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.
- (2)If the Collateral includes accounts:
  - Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by (a) any instrument or chattel paper.
  - The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof. (b)
- If the Collateral includes instruments, chattel paper or documents: (3)
  - By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel (a) paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement will also constitute Pledgor's instruction to deliver to Lender certificates or other evidence of the Collateral as soon as it is available. Pledgor will immediately deliver to Lender all chattel paper and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and either endorse it to Lender's order or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt thereof by Pledgor, and in any event promptly upon demand therefore by Lender. If necessary, all Collateral will either be endorsed to Lender's order or accompanied by appropriate executed powers.
  - By means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if (b) any, included in Collateral.
- If the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and pursuant to the laws of any jurisdiction, issued or outstanding with respect to the Collateral or any part thereof, Pledgor will promptly (4)advise Lender thereof, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and if any certificate of title or similar document is so issued or outstanding at the time this Security Agreement is executed by or on behalf of Pledgor, then Pledgor shall have caused the interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any such certificate of title or similar document issued or outstanding at any time with respect to such Collateral
- To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a (5)lien entry form.
- (6) If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the Code upon such of the Collateral which is or may become fixtures.
- Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse (7)claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.
- All Collateral consisting of goods is located solely in the state and/or states previously designated and warranted by Pledgor to Lender. (8)
- (9) Pledgor's:
  - (a) chief executive office is located in the state previously designated and warranted by Pledgor to Lender;
  - state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and exact legal name is as set forth on page 1 of this Security Agreement. (b) (c)

#### SECTION VI: EVENTS OF DEFAULT.

Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or
- (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan Documents, or any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Pledgor or Borrower or any other event of default or breach occurs thereunder; or
- (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control agreement (if applicable), or in any other agreement between Lender and Borrower or Pledgor, or (b) any information contained in any financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made; or
- Pledaor: (4)
  - (a) dies or becomes physically or mentally incapacitated; or
  - (b) in the case of a Pledgor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in
  - (c) respect of its creditors generally; or

  - becomes insolvent or generally does not pay its debts as such debts become due; or conceals, removes, or permits to be concealed or removed, any part of Pledgor's property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any bankruptcy, (e) fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or
- (5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Pledgor for the purpose of enforcing

a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

- (6) An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be incompetent is entered by any court; or
- (7) Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or
- (8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor for the purposes of collecting a lawful debt; or
- (9) Any action or proceeding seeking any appointment or order described in subsections (5) or (6) above is commenced without the authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or
- (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Pledgor, could materially and adversely affect Pledgor's financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or
- (11) Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Pledgor to repay the Indebtedness or to properly perform Pledgor's obligations under this Security Agreement or the other Loan Documents; or
- (12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (if Borrower and Pledgor are not the same).
- (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that the Indebtedness is inadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of Pledaor's or Borrower's obligations under the Loan Documents is impaired.
- (14) To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Pledgor and/or Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.
- (15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- (16) The Collateral becomes, in the judgment of Lender, unsatisfactory, or insufficient in character or value.
- (17) The occurrence of any environmentally hazardous spill, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event occurs on such premises or on other premises.
- (18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements, income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information requested by Lender.



#### SECTION VII: LENDER'S RIGHTS AND REMEDIES.

#### A. General.

Lender may exercise the following rights and remedies either before or after an Event of Default:

- (1) Lender may take control of any proceeds of the Collateral.
- (2) Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise.
- (3) Lender may take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance.
- (4) Lender may require that Pledgor from time to time, in Lender's discretion, take any action and execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Security Agreement including, without limitation, (a) ask, demand, collect, sue for, recover, compound, receive and give receipts for monies due and to become due under or in respect of any Collateral; (b) receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with the actions described in preceding clause (a); and (c) file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for collection of any of the Collateral or otherwise to enforce its rights with respect to any of the Collateral. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Pledgor's appointment of Lender as Pledgor's agent is coupled with an interest and will survive any disability of Pledgor.
- (5) This Security Agreement, Lender's rights hereunder and/or the Indebtedness hereby secured may be assigned by Lender in whole or in part from time to time, and in any such case Lender shall be fully discharged from all responsibility with respect to the Collateral so assigned and the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Lender to the extent the same are assigned, and Pledgor will assert no claim or defenses Pledgor may have against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee any claims, defenses or set-offs which Pledgor could assert against Lender except defenses which cannot be waived.
- (6) Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the Collateral, and Pledgor shall assist the Lender in making any such inspection.
- (7) Lender may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to Pledgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify information furnished by Pledgor.
- (8) Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral.
- (9) Lender may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such percentage.
- (10) Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion any instrument of Collateral in its possession unless it shall have received from Pledgor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.
- (11) Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender may release, modify or waive any collateral provided by any other person to secure any of the Indebtedness, all without affecting Lender's rights against Pledgor. Pledgor waives any right it may have to require Lender to pursue any third person for any of the Indebtedness.

- (12) Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral.
- (13) If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Pledgor shall be credited with the proceeds of the sale.
- (15) Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of:
  - (i) the Note,
  - (ii) any of the other Indebtedness, or
  - (iii) any other obligation owed to Lender by Pledgor or any other person.
- (16) This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Pledgor to this Security Agreement.
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

The foregoing rights and powers of Lender will be in addition to, and not a limitation upon, any rights and powers of Lender given by law, elsewhere in this Security Agreement, or otherwise.

#### B. Remedies in Event of Default

During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the Code or by this Security Agreement, including the following:

- (1) require Pledgor to deliver to Lender all books and records relating to the Collateral;
- (2) require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;
- (4) sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a Lender under Articles 2 and 9 of the Code after giving notice as required by those articles; unless the Collateral threatens to decline rapidly in value, is perishable, or would typically be sold on a recognized market. Lender will give Pledgor reasonable notice of any public sale of the Collateral or of a time after which it may be otherwise disposed of without further notice to Pledgor; and in this event notice will be deemed reasonable if it is mailed, postage prepaid, to Pledgor at the address for Pledgor set forth on page 1 of this Security Agreement at least ten days before any public sale or ten days before the time when the Collateral may be sold by private sale or otherwise disposed of without further notice to Pledgor. Pledgor authorizes Lender to disclaim or modify any and all warranties set forth in the Code and stipulates and agrees that such a disclaimer and/or modification will not render any sale of the Collateral or any portion thereof by Lender commercially unreasonable.
- (5) surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- (7) if disposition of the Collateral leaves any portion of the Indebtedness unsatisfied, collect the deficiency from all liable parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Lender's reasonable attorney's fees and legal costs and/or expenses, and Pledgor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable law:
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;
- (9) Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender and in such order of application as the Lender may from time to time elect, any property, balances, credits, deposits, accounts or monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depository institution of International Bancshares Corporation; and/or
- (10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other prior or subsequent Event of Default.

#### SECTION VIII: ADDITIONAL AGREEMENTS.

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement. Information concerning this security interest may be obtained at the office of Lender set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither extensions nor increases of any of the Indebtedness nor releases of any of the Collateral shall affect the validity of the security interest hereby created with reference to Pledgor or any third party. Pledgor specifically waives all suretyship type defenses. Additionally, foreclosure of the security interest hereby created by lawsuit does not limit Lender's remedies, including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all remedies at the same or different times and no remedy shall be a defense to any other. Lender shall have all rights and remedies granted by law or otherwise in addition to those provided in this Securit Agreement.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies shall waive further exercise of those remedies or rights. The failure of Lender to exercise any remedies or rights does not waive subsequent exercise of those remedies or rights. Any waiver by Lender of any Event of Default shall not waive any further Event of Default. Lender may remedy any Event of Default solution of Default is binding only if in writing.
- (5) Pledgor and Lender intend that the Indebtedness shall be in strict compliance with applicable usury laws. If at any time interest contracted for, charged or received under any Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be usurious under applicable law, then regardless of the provisions of this Security Agreement or any other documents or instruments evidencing, securing or otherwise executed in connection with any Indebtedness secured by this Security Agreement, or any action or event (including, without limitation, prepayment of principal of any Indebtedness or acceleration of maturity of any Indebtedness by Lender) which may occur with respect to any of the Indebtedness, it is agreed that all sums determined to be usurious shall be immediately credited by Lender to Pledgor or Borrower, as the case may be, as a payment of principal under the Indebtedness or if the Indebtedness has already been paid, immediately refunded to Pledgor or Borrower, as the case may be. All compensation which constitutes interest under applicable law in connection with any Indebtedness secured by this Security Agreement shall be amortized.

prorated, allocated, and spread over the full period of time any of the Indebtedness is owed by Pledgor or Borrower, as the case may be, to the greatest extent permissible without exceeding the applicable maximum rate allowed by applicable law in effect from time to time during such period.

- (6) Lender may perform any obligation which Pledgor fails to perform and Pledgor agrees on demand to reimburse Lender immediately for any sums so paid by Lender, including attorneys' fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for matured, unpaid amounts. Any sum to be reimbursed shall constitute Indebtedness and be secured by this Security Agreement. [See Section V, A. (9) for insurance reimbursements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and shall be construed and enforced in accordance with the laws of such State, except to the extent that the Code provides for the application of the law of a different state. When the context requires, singular nouns and pronouns include the plural. The rights of Lender under this Security Agreement shall inure to the benefit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any part of the Collateral will fully discharge Lender from any and all responsibility for that portion of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is more than one person or entity, all their representations, warranties and agreements are joint and several. If any part of this Security Agreement is unenforceable, the unenforceability of such provision will not affect the enforceability of any other provision hereof and all other provisions will constitute valid provisions.
- (9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

SECTION IX: ARBITRATION

#### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

PLEDGOR AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

- I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) Informal Resolution of Customer Concerns. Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) <u>Sending Notice of Dispute.</u> If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, libcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) If the Dispute is not Informally Resolved. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "<u>DISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tor, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "<u>PARTIES</u>" or "<u>PARTY</u>". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Pledgor, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "your" refer to Pledgor, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.
- (g) <u>BINDING ARBITRATION</u>. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).
- (h) CLASS ACTION WAIVER. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL

BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.

(i) FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

### II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

#### III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoif, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either PARTY's right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitration. The PARTIES agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.
- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing PARTY. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.
- IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any DISPUTES relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
  - (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
  - (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the liling of the lawsuit shall be deemed a waiver of the initiating PARTY'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending PARTY is receipt of service of judicial process shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims

asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a **PARTY** in connection with such litigation, the failure of such **PARTY** to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such **PARTY'S** receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such **PARTY'S** right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a **PARTY** shall not in any event be deemed a waiver of such PARTY'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.

- (d) Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
  - Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.
  - For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrators(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.
- (I) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

#### JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following obligations of Pledgor and/or Borrower are secured by this Agreement and constitute "Indebtedness", as that term is used in this Agreement: (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in the Note) that becomes due and payable in accordance with the terms of the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/or any financial institution affiliated with International BancShares Corporation (a "Lender Affiliate") which is a rate swap, swap option, interest rate option or other financial instrument or interest (including one or more options with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender and/or a Lender Affiliate and any party or entity other than Pledgor and/or Borrower and is entered into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower arising under or with respect to any Swap Transaction sha

## SECTION XI. Miscellaneous.

(e) (f)

- (a) Security Interest Absolute. All rights of the Lender and the security interests created hereunder shall be absolute and unconditional irrespective of:
  - (i) any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other amendment or waiver of or any consent to any departure from the Note or any other Loan Document;
  - (ii) any exchange or release or nonperfection of all or any part of the Collateral or any other collateral, or any release from, amendment to, waiver of or consent to departure from any guaranty for all or any of the Indebtedness; or
  - (iii) to the fullest extent permitted by law, any other circumstances which might otherwise constitute a defense available to or a discharge of the Pledgor or Borrower or a third party pledgor.

reasonable

(b) Indemnification. The Pledgor agrees to indemnify and defend the Lender and hold the Lender harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind of nature whatsoever which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any way arising out of or in connection with this Security Agreement, the Loan Documents or the transactions contemplated hereby or thereby other than those arising out of the Lender's breach, default, negligence or willful misconduct in its obligations under this Security Agreement or the Loan Documents. Without limitation of the foregoing, the Pledgor will reimburse the Lender for all expenses (including expenses for legal services of every kind) of, or incidental to, the negotilation of, entering into and enforcement of any of the provisions hereof and of the Indebtedness, and any actual or attempted sale, lease or other disposition of, and any exchange, enforcement, collection, compromise or settlement of any of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, and for the care of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, by litigation or otherwise, including expenses hall constitute a part of the Indebtedness.

(c) This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This Agreement has been accepted by Lender in the State where Lender is located. (d) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

(e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such payments until paid (i) at the rate of interest applied to the matured and past due principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate.

(f) To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and any and all repurchase agreements or other non-deposit obligations, also secure the Indebtedness.

(g) This Security Agreement constitutes written notice of a security interest if required by applicable law.

(h) PLEDGOR HAS READ AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HAS AGREED TO ITS TERMS

### SECTION XII: NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.	
Dated: February, 2024	
PLEDGOR(S):	
Rise Residential Construction, LP A Texas Limited Partnership	
By: Rise Residential Construction GP, Inc.	
A Texas Corporation Title: General Partner	
By: Name: Melissa Renee Fisher Title: President	
Address: 16812 Dallas Parkway Dallas, Texas 75248	£0.1
	<u>.</u>
SECURED PARTY:	
International Bank of Commerce	
By:	
Name: Lee Reed Title: President	

## ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## PART 1

### Definitions

Section 1.1 <u>Terms Defined in UCC</u>. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein</u>. As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

<u>"Copyrights"</u> means all of the Pledgor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, (d) the right to sue for past, present, and future infringements of any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

"Investment Property" has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

"Licenses" means all of the Pledgor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Pledgor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof; and (d) any and all other rights, privileges, and/or licenses.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

"Patents" means all of the Pledgor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

<u>"Receivables"</u> means all property now or hereafter owned or acquired by the Pledgor which constitutes Accounts, Chattel Paper, Documents, Investment Property, Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

## "Security" has the meaning specified in Article 8 of the UCC.

<u>"Stock Rights"</u> means all dividends, instruments, or other distributions and any other right or property which the Pledgor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Pledgor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" has the meaning specified in Article 9 of the UCC.

<u>"Trademarks"</u> means all of the Pledgor's right, title, and interest in and to (a) trademarks (including service marks). trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or licensor, (c) renewals of the foregoing. (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof, (e) rights to sue for past, present, and future infringements of the foregoing, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"UCC"</u> means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## PART 2

### Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Pledgor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Pledgor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Pledgor, and regardless of where located, including without limitation, all:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(o) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

## ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

### (Page 1 of 2)

Being a 10.275 acre tract of land situated in the James W. Gardner Survey Abstract Number 526, and the James Saunders Survey Abstract Number 1424, Rowlett Dallas County, Texas, and being part of that tract described in Warranty Deed to Bobby R. Belzle as recorded in Volume 77018, Page 549, Deed Records Dallas County, Texas (D.R.D.C.T), part of that tract to Doris Belzle by Probate Number 80-653-P, Probate Records Dallas County, Texas, and part of that tract described in a Deed to Herschel V. Forester, Trustee as recorded in Volume 73167, Page 1412, D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a X" iron rod found, for the northeast corner of Lot 1A, Block A, Dalrock Store Addition, an Addition to the City of Rowlett, recorded in Volume 2001105, Page 1986, Map Records Dallas County, Texas the northwest corner of the herein described tract and being in the south right of way line for Lakeview Parkway (S.H. 66, variable width right of way);

THENCE North 64 degrees 13 minutes 42 seconds East with said right of way, a distance of 61.20 feet to a set 5/8-inch iron rod set with cap stamped "ADAMS SURVEYING COMPANY" (CIRS);

THENCE North 58 degrees 44 minutes 20 seconds East, a distance of 87.05 feet to a CIRS, being the southwest corner of Forester Herschel V. Tr. Tract, referenced by Volume 1294, Page 353, D.R.D.C.T.;

THENCE North 59 degrees 11 minutes 31 seconds East continuing with said right of way line, a distance of 175.00 feet to a CIRS;

THENCE South 30 degrees 48 minutes 29 seconds East leaving said right of way line, a distance of 298.59 feet to a CIRS;

THENCE North 56 degrees 53 minutes 52 seconds East, a distance of 335.62 feet to a CIRS, being in the south line of said Forester Herschel V. Tr. Tract, and the north line of said Belzle tract;

THENCE North 88 degrees 23 minutes 09 seconds East, a distance of 48.26 feet to a ½" iron rod found, being the northwest corner of Garland ISD Tract "B", recorded in Volume 72098, Page 2020, D.R.D.C.T. and the northeast corner of said Belzle tract;

THENCE South 00 degrees 58 minutes 40 seconds East with the common line of said Garland ISD tract, a distance of 560.15 feet to a <sup>1</sup>/<sub>2</sub>" iron rod found, being the northwest corner of Lynn M. Djahangiri, recorded in Volume 97109, Page 1470, D.R.D.C.T.;

THENCE South 88 degrees 25 minutes 34 seconds West, a distance of 341.50 feet to a 1/2" iron rod found;

THENCE South 03 degrees 09 minutes 35 seconds West, a distance of 283.80 feet to a point for corner in creek;

THENCE northerly with said creek as follows:

North 25 degrees 49 minutes 51 seconds West, a distance of 65.74 feet to a point for corner;

North 60 degrees 25 minutes 36 seconds West, a distance of 109.46 feet to a point for corner; North 29 degrees 14 minutes 54 seconds West, a distance of 77.30 feet to a point for corner;

South 80 degrees 29 minutes 31 seconds West, a distance of 48.16 feet to a point for corner;

North 73 degrees 47 minutes 53 seconds West, a distance of 158.62 feet to a point for corner;

North 39 degrees 42 minutes 55 seconds West, a distance of 1.47.62 feet to a point for corner;

North 02 degrees 23 minutes 42 seconds West, a distance of 91.48 feet to a point for a corner, the intersection of said creek and the south line of the aforesaid Lot 1A;

### ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

## ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

## (Page 2 of 2)

THENCE North 89 degrees 11 minutes 56 seconds East, with said south line a distance of 77.81 feet to a CIRS, being the southeast corner of said Lot 1A;

THENCE northerly with the east line of said Lot 1A as follows:

North 00 degrees 45 minutes 25 seconds West, a distance of 241.94 feet to a 3/8" iron rod found;

North 28 degrees 39 minutes 37 seconds West, a distance of 61.04 feet to a point for corner;

North 00 degrees 33 minutes 06 seconds West, a distance of 44.75 feet to the POINT OF BEGINNING containing 10.275 acres (447,560 square feet) of land more or less.

# ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS IBC – SAVANNAH AT LAKEVIEW, LP 2024

# SECURITY AGREEMENT



 Date	Reference Number	Officer	Initial
2//2024	1080037217	Lee Reed	

Pledgor(s): Rise Residential Development, LLC

Lender: International Bank of Commerce

٠,

The undersigned Pledgor, owner of Collateral (as hereinafter defined), whether one or more, and International Bank of Commerce, 1600 Ruben M Torres Sr Blvd, Brownsville, Texas 78526. (hereinafter called "Lender") enter into this Security Agreement and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

**SECTION I: Creation of Security Interest.** 

Pledgor hereby grants to Lender a first and exclusive lien and security interest in all of the personal property of Pledgor, wherever located, now owned or hereafter acquired, including, but not limited to, the property described in Section II of this Security Agreement to secure payment and performance of the Indebtedness (described in Section III below). All such personal property is referred to herein as the "Collateral."

SECTION II: Description of Collateral.

1. The security interest is granted in, among other personal property, the following Collateral:

a Describe the Collateral and, as applicable, check boxes and provide information as indicated below.

Any and all personal property of Pledgor, whether now owned or hereafter acquired, including without limitation, as described on Attachment I, attached hereto, to the extent, and only to the extent, such personal property is used in connection with, is at any time situated upon, or relates or pertains in a manner to the ownership, use, development, or operation of those parcels of real property described on Attachment II, attached hereto and/or the improvements now situated thereon and that may hereafter be constructed thereon.

b 1 The above goods are to become fixtures on: (describe real estate; attach additional sheet if needed)

2 The above timber is standing on: (describe real estate; attach additional sheet if needed)

3 The above minerals or the like (including oil and gas) or accounts will be financed at the well head or mine head of the well or mine located on: (describe real estate; attach additional sheet if needed)

c If subsection b.1, b.2, or b.3 of this Section II.1 is checked, this security agreement is to be filed for record in the real estate records. (The description of the real estate must be sufficiently specific as to give constructive notice of a mortgage on the realty).

\_\_\_\_The Pledgor does not have an interest of record; the name of a record owner of the real estate is:

d All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the Collateral described in Section II.1.a. above, and any increase and the unborn young of animals and poultry.

e All property similar to the Collateral described in Section II.1.a. above, hereafter acquired by Pledgor.

f All proceeds, products, and profits of the Collateral described in Section II.1.a. are included. Coverage of products and proceeds for financing statement purposes is not to be construed as giving Pledgor any additional rights with respect to the Collateral, and Pledgor is not authorized to sell, lease, or otherwise transfer, furnish under contracts of service, manufacture, process, or assemble the Collateral, except in accordance with the provisions of this Security Agreement. Any additional sheets describing the Collateral, the real estate, or other matters are incorporated in and made a part of this instrument.

g Location where Collateral is to be kept: As Approved By Lender In Its Sole Discretion.

2. Classify the Collateral described in Section II.1.a. under one or more of the following classifications as set out in the Uniform Commercial Code of the state where Lender is located (together with the Official Comments thereto referred to herein as the "Code"):

	Consumer Goods		Farm Products
	Equipment (business use)	x	General Intangibles
x	Equipment (farm use)	x	Inventory
X	Investment Property	X	Chattel Paper
X	Instruments	x	Letter-Of-Credit Rights
X	Accounts	x	Supporting Obligations
X	Deposit Accounts		Liens on Government Assets
x	Commercial Tort Claims		Sales of Payment Intangibles or Promissory Notes
	Agricultural Liens		

And to the extent not listed above as original Collateral all proceeds and products of the foregoing.

Any term used in the Code and not defined in this Security Agreement has the meaning given to the term in the Code.

- 3. If this block is checked, this is a purchase money security interest, and Pledgor will use funds advanced to purchase the Collateral described in Section II.1.a., or Lender may disburse funds direct to the seller of such Collateral, and to purchase insurance on the Collateral. To the extent Pledgor uses the Indebtedness to purchase Collateral, Pledgor's repayment of the Indebtedness shall apply on a "first-in-first-out" basis, so that the portion of the Indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the Pledgor purchased the Collateral.
- If any of the Collateral is accounts, give the location of the office where the records concerning them are kept (if other than Pledgor's 4. address set forth on page 1 hereof):
- 5. "Commercial Tort Claims", a subcategory of General Intangibles, means the Pledgor's claim for \_ against

#### SECTION III: INDEBTEDNESS

This pledge, assignment and grant is made to Lender to secure the prompt and unconditional payment of, and the first and exclusive security interest granted hereby to Lender secures the payment and performance of, the following (collectively, the "Indebtedness"):

Any and all indebtedness, liabilities and/or obligations of Pledgor, or any of the undersigned if more than one, and/or Borrower (as hereinafter defined) to Lender, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created and/or arising, and regardless of how evidenced or arising, as to outstanding and unpaid principal, accrued and unpaid interest, accrued and unpaid late charges, attorneys' fees, collection costs, and all other sums owing by Pledgor, or any of the undersigned if more than one, and/or Borrower, including but not limited to the indebtedness evidenced by the following described promissory note (the "Note"):

Real Estate Lien Note/Promissory Note dated the February \_\_\_, 2024, in the original principal amount of Three Million Five Hundred Thousand Dollars And No Cents (\$3,500,000.00), executed by Savannah at Lakeview, LP and delivered to Lender, together with all renewals, extensions, modifications, refinancing, consolidations and substitutions thereof.

and further without limitation to:

- any and all commercial loan or indebtedness;
- any and all credit card or other consumer type of loan; B.
- any and all indebtedness relating to checking or savings accounts (overdrafts, fees, etc.); C.
- any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations D. described in this Section III:
- any and all expenses incurred in the collection of any indebtedness and/or obligation described in this Section III; E.
- F. any and all letters of credit and/or indebtedness arising out of, or advanced to pay, letters of credit transactions; any and all indebtedness, however, evidenced, whether by promissory note, bookkeeping entry, electronic transfer, checks, drafts or
- G. other items, or by any other manner or form;
- any and all other indebtedness of Pledgor and/or Borrower to any financial institution affiliated with International BancShares Corporation, jointly and/or severally, and in any capacity, whether as borrower, guarantor, or otherwise, now or hereafter owing, created H. and/or arising, and regardless of how evidenced or arising;
- ١.
- any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III; any and all costs incurred by Lender to obtain, preserve and enforce this Security Agreement, collect the indebtedness described in this Section III, and maintain and preserve the Collateral, including without limitation, all taxes, assessments, attorneys' fees and legal J. expenses, and expenses of sale;
- K.
- the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code); the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code); M.
- the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code); N.
- 0. without limiting the generality of the foregoing, any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any financial institution affiliated with International BancShares Corporation arising under or in connection with any Swap Transaction, The term "Swap Transaction", as used herein, means (i) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between Pledgor and/or Borrower and Lender or any financial institution affiliated with International BancShares Corporation which is a rate swap, swap option, interest rate option, or other financial instrument or interest (including an option with respect to any such transaction), or (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or (iii) any combination of the transactions described in clause (i) or (ii) above; and
- any of the foregoing that arises after the filing of a petition in bankruptcy by or against Pledgor or Borrower under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy P. Code or otherwise.

As used herein, the term "Borrower" means Savannah at Lakeview, LP (or any of them, if more than one), and the term "Loan Documents" means, collectively, the Note and any other document or instrument executed by Pledgor or Borrower or any guarantor of the Note and delivered to Lender in connection with the Note.

To the extent allowed by law, for purposes hereof it is intended that the Indebtedness include all classes of indebtedness, whether evidenced by notes, open accounts, advances for letter of credit obligations, overdrafts, or otherwise, and whether direct, indirect or contingent, regardless of class, form or purpose and including but not limited to, loans for consumer, agricultural, business or personal purposes.

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The foregoing shall under no circumstances be limited to the existence or non-existence of collateral for such Indebtedness, or the type of collateral covered thereby. The Indebtedness does not include amounts owed pursuant to homestead, homestead equity and/or home equity line of credit loans.

Notices: Notices and other communications pertaining to this Agreement shall be in writing and shall be effective only if delivered in person or (i) if to Lender, mailed via U.S. certified mail, return receipt requested, postage prepaid, to International Bank of Commerce at Lender's address as set out on page 1 hereof [Attn:AI Villarreal], and (ii) if to Pledgor, sent via United States Mail, duly stamped and addressed to Pledgor at the address of Pledgor set forth on page 1 hereof; provided, however, actual notice to Pledgor, however given or received, shall always be effective when given or received. Except as otherwise required by law, any notice given or made pursuant hereto shall be deemed effectively given on the date of personal delivery or, if mailed, on the date such notice is deposited in the U.S. Mail, if, with respect to Lender, actually received. Any party hereto may change its address for notice in the manner set forth in this paragraph.

#### SECTION IV: PERFECTION OF SECURITY INTERESTS.

### 1. Filing Of Financing Statements.

- (i) Pledgor hereby authorizes Lender to file one or more Financing Statements, and any amendments thereto or continuations thereof (collectively referred to as the "Financing Statements", whether one or more) describing the Collateral, as Lender deems necessary, in its sole discretion, to evidence and/or perfect its rights under this Security Agreement.
- (ii) Pledgor hereby authorizes Lender to file Financing Statements describing any agricultural liens or other statutory liens held by Lender.
- (iii) Lender may obtain, prior or subsequent to the filing of any Financing Statements an official report from the Secretary of State of each necessary (in Lender's opinion) State (the "SOS Reports") indicating that Lender's security interest is prior to all other security interests or other interests reflected in the report.

#### 2. Possession.

- (i) Pledgor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Lender chooses to perfect its security interest by possession only, or in addition to the filing of Financing Statements.
- (ii) Where Collateral is in the possession of a third party, Pledgor will join with Lender in notifying the third party of Lender's security interest and obtaining a Control Agreement from the third party acknowledging that it is holding the Collateral for the benefit of Lender to the extent necessary to perfect Lender's security interest in the Collateral.

3. Control Agreements. Pledgor will cooperate with Lender in obtaining a Control Agreement in form and substance satisfactory to Lender with respect to Collateral consisting of:

- (i) Deposit Accounts,
- (ii) Investment Property,
- (iii) Letter-Of-Credit Rights, and
- (iv) Electronic Chattel Paper.

4. Marking of Chattel Paper. Pledgor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Lender indicating that Lender has a security interest in the Chattel Paper.

### SECTION V: Pledgor's Representations, Warranties, and Agreements.

#### A. General Representations and Warranties.

Pledgor represents, warrants and agrees that:

- (1) Pledgor has full power and authority to enter into this Security Agreement; this Security Agreement has been duly authorized, executed and delivered by Pledgor and constitutes the valid and binding obligation of Pledgor enforceable in accordance with its terms. No consent of third parties, license, authorization or filing with any governmental authority is required to be obtained or performed in connection with the execution, delivery, and performance of this Security Agreement.
- (2) All information supplied and statements made by Pledgor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid, and genuine.
- (3) Pledgor owns, or will use the proceeds of any loans by Lender to become the owner of, the Collateral free, from any set-off, claim, restriction, lien, security interest or encumbrance except this security interest and liens for ad valorem taxes not yet due.
- (4) No Financing Statements covering the Collateral or its proceeds are on file in any public office and Pledgor will not permit any Financing Statements covering any of the Collateral or the proceeds thereof to hereafter be on file in any public office except as may be filed pursuant to this Security Agreement.
- (5) Pledgor shall provide and shall have Borrower and/or Guarantor provide, to Lender, upon Lender's request, (i) financial information, including but not limited to a balance sheet, income statement, statement of cash flow, and such other financial information as may be requested by Lender; (ii) an appraisal of the Collateral; (iii) tax receipts; (iv) evidence of insurance, and (v) any other information required by Lender in connection with the Indebtedness or the Collateral.
- (6) Pledgor will not use the Collateral or permit the Collateral to be used in violation of any statute, ordinance or other law or inconsistently with the terms of any policy of insurance thereon; and Pledgor will permit Lender and its agents, representatives, and employees to examine the Collateral at all reasonable times, and for such purpose Lender may enter upon or into any premises where the Collateral may be located without being guilty of and/or held liable for trespass. Pledgor will furnish to Lender upon request all pertinent information regarding the Collateral.
- (7) The Collateral shall remain in Pledgor's possession or control at all times at Pledgor's risk of loss unless Lender has taken possession of the Collateral, and shall be kept at the location set forth in Section II.1.g. hereof where Lender may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Pledgor notifies Lender in writing and Lender consents in writing in advance of its removal to another location.
- (8) Pledgor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Pledgor's failure to do so, Lender at its option, but without any obligation, may pay any of them, and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall bear interest and be paid to Lender by Pledgor in accordance with Section V.A.(9) hereof.
- (9) Pledgor shall maintain at all times property insurance upon all Collateral with coverage for perils as set forth under the ISO Causes of Loss Special Form (formerly "all-risk"), with coverage extended for the perils of flood if the Collateral is situated in a flood-prone area, in an amount equal to the full insurable replacement cost. Pledgor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Lender. If available, federal flood insurance is also required if the Collateral is situated in a flood-prone area. The property insurance policy shall also contain a standard mortgagee's endorsement providing for payment of any loss to Lender. All policies of insurance shall provide that Lender shall receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof.

Evidence of coverage shall be provided by Pledgor to Lender concurrently with the execution of this Security Agreement and subsequently upon Lender's request, and must be a true and complete copy of the original of each policy and loss payable clause. Certificates or letters of coverage will not be accepted. Evidence of renewal of each policy shall be furnished at least five (5) days prior to the expiration of each policy.

Lender is authorized to act as attorney-in-fact for Pledgor in obtaining, adjusting, settling, and canceling such property insurance and endorsing any drafts drawn by insurers of the Collateral. Lender may apply any and/or all proceeds of such insurance, which may be received by it in payment of the Indebtedness, whether the Indebtedness is then due or not. Lender may, in its sole discretion, purchase single interest insurance (which provides only protection for Lender) with respect to the Collateral and the premium(s) advanced therefore shall become part of the Indebtedness secured hereby as provided below.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Pledgor for costs necessary for the protection and preservation of the Collateral and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, (including single interest insurance described above), taxes and other charges described in Section V.A.(8) hereof, and attorney's fees and legal costs and expenses paid in any suit affecting the Collateral. Any such sums which may be so paid by Lender shall become part of the Indebtedness secured by this Security Agreement, shall bear interest from the dates of such payments until paid (i) at the loan contract interest rate applied to the unmatured principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate, and shall be due, together with any accrued and unpaid interest thereon, upon demand by Lender.

TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) PLEDGOR IS REQUIRED TO (i) KEEP THE COLLATERAL INSURED AGAINST DAMAGE IN THE AMOUNT SPECIFIED HEREIN; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER OR OTHERWISE AS PROVIDED HEREIN; AND (iii) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS PROVIDED HEREIN; (B) SUBJECT TO THE PROVISIONS HEREOF, PLEDGOR MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THEPAYMENT OF PREMIUMS; AND (C) SUBJECT TO THE PROVISIONS HEREOF, IF PLEDGOR FAILS TO MEET ANY REQUIREMENT LISTED IN THE FOREGOING SUBPARTS (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF PLEDGOR AT PLEDGOR'S EXPENSE.

- (10) Pledgor shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Lender may at any time request to protect, assure or enforce Lender's interests, rights and remedies created by, provided in or emanating from this Security Agreement.
- (11) Pledgor shall not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Lender, and Pledgor shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of Lender.
- (12) Pledgor shall execute alone or with Lender any document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons. Pledgor shall pay the costs of lien searches, SOS Reports and governmental certificates and all filing fees, continuation fees, and fees for certificates of good standing and other information required by Lender.
- (13) Pledgor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Pledgor and shall keep accurate and complete records of the Collateral and its proceeds. Pledgor shall preserve the Collateral and pay all costs necessary to do so, including, but not limited to feed, rent, storage costs, and expenses of sale.
- (14) If Lender should at any time be of the opinion that the Collateral has declined or may decline in value, or is otherwise insufficient to adequately secure the Indebtedness, or should Lender deem itself insecure as to payment of the Indebtedness, then Lender may call for additional property to be pledged and/or covered by this Security Agreement satisfactory to Lender.
- (15) If any Collateral or proceeds thereof include obligations of third parties to Pledgor, the transactions creating those obligations will conform in all respects to applicable state and federal consumer credit and/or protection laws.
- (16) In the event Pledgor or any other person or persons seeks to enjoin Lender from taking any action in connection with the Indebtedness or the enforcement of Lender's rights in the Collateral, Pledgor hereby agrees to give written notice to the President of Lender, at the address of Lender set forth in the first paragraph of this Security Agreement, or such other person or address as Lender may designate in writing to Pledgor, two business days prior to seeking any such injunctive relief.
- (17) As additional security for the Indebtedness, Pledgor hereby assigns, pledges and grants to Lender a security interest, lien and contractual right of set-off in and to all of the Pledgor's money, credits, accounts, securities, certificates and/or other property now in, or at any time hereafter coming within, the custody or control of Lender or any member Bank or branch Bank of International BancShares Corporation, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such security interest, lien and right of set-off may be exercised without demand or notice to Pledgor. No security interest, lien or right of set-off shall be deemed to have been waived by any act or conduct on the part of Lender, or any failure to exercise such right of set-off or to enforce such security interest or lien, or by any delay in so doing. Every right of set-off, security interest and lien shall continue in full force and effect until such right of set-off, security interest or lien is specifically waived or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in lieu of any rights of set-off allowed by law. This subsection (17) does not apply to homestead, homestead equity, and/or homestead equity line of credit loans.
- (18) Pledgor shall assist Lender in complying with the Federal Assignment of Claims Act (and any successor statutes) and similar laws to enable Lender to become an assignee under such Act and otherwise comply with such laws. Pledgor shall preserve the liability of all account debtors, obligors, and secondary parties whose obligations are part of the Collateral. Pledgor shall notify the Lender of any change occurring in or to the Collateral, or in any fact or circumstances warranted or represented by Pledgor in this Security Agreement or furnished to Lender, or if any Event of Default (as hereinafter defined) occurs.
- (19) Pledgor will not allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
- (20) All extended or renewed note(s) (including the Note) will be considered executed on the date of the original note(s) (including the Note).
- (21) Pledgor shall comply with all environmental laws and regulations applicable to the Collateral and the premises in which the Collateral is located, and shall notify Lender upon receipt of any notice or other information as to any environmental hazards or violation of such laws. Lender may inspect all premises in which the Collateral is located and the Collateral as to its and their compliance with environmental laws. Pledgor agrees to indemnify, defend and hold Lender harmless from and against any breach of the foregoing and all losses, costs, fines and damages, including court costs and attorney's fees, incurred by Lender to defend itself, or to protect or preserve the Collateral against environmental risks, hazards, fines, and other claims relating to the Collateral.
- (22) Pledgor agrees that it will not, without Lender's prior written consent, until the Indebtedness is paid in full:
  - (a) in one transaction or a series of related transactions, merge into or consolidate with any other entity, sell all or substantially all of its assets, or in any way jeopardize its existence as a corporation or other business entity;
  - (b) change the state of its incorporation, organization or registration;
  - (c) change its name;
  - (d) change the address and/or location of its Chief Executive Office (as defined in the Code); or

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- (e) file any instrument attempting to amend or terminate any Financing Statements, including without limitation a UCC-3 amendment or termination form.
- (23) Pledgor has the risk of loss of the Collateral.
- (24) Lender has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

#### B. Special Representations and Warranties.

Pledgor represents warrants and agrees that:

- (1)If the Collateral includes inventory:
  - Pledgor will immediately notify Lender of the disposition of any inventory and at Pledgor's expense will either assign to Lender a first-priority security interest in any resulting account, chattel paper, or instrument, or deliver to Lender cash in the amount of the sales price. Pledgor will not sell, lease, or otherwise dispose of any Collateral except in the ordinary course of business without the prior written consent of Lender.
  - Until the occurrence of an Event of Default Pledgor may, in the ordinary course of business, sell, lease or furnish under contract (b) of service any of the inventory normally held by Pledgor for such purpose; provided, however, that such use of the inventory shall not be inconsistent with any other provisions of this Security Agreement or with the terms or conditions of any policies of insurance thereon. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.
- (2) If the Collateral includes accounts:
  - Each account in the Collateral will represent the valid, legally enforceable obligation of third parties and will not be evidenced by (a) any instrument or chattel paper.
  - The office where Pledgor keeps its records concerning accounts, if any, is the address of Pledgor set forth on page 1 hereof. (b)
- If the Collateral includes instruments, chattel paper or documents: (3)
  - By delivering a copy of this Security Agreement to the broker, seller, or other person in possession of Collateral that is chattel paper or document, Security Party will effectively notify that person of Lender's interest in the Collateral. Delivery of the copy of the Security Agreement will also constitute Pledgor's instruction to deliver to Lender certificates or other evidence of the Collateral as soon as it is available. Pledgor will immediately deliver to Lender all chattel paper and documents that are Collateral in Pledgor's possession. If that Collateral is hereafter acquired, Pledgor will deliver it to Lender immediately following acquisition and either endorse it to Lender's order or give Lender appropriate executed powers. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, Pledgor will promptly deliver the same to Lender upon the receipt thereof by Pledgor, and in any event promptly upon demand therefore by Lender. If necessary, all Collateral will either be endorsed to Lender's order or accompanied by appropriate executed power
  - By means satisfactory to Lender, Pledgor has perfected or will perfect a security interest in goods covered by chattel paper, if (b) any, included in Collateral.
- If the Collateral includes property covered by a Certificate of Title: If any certificate of title or similar document is, at any time and (4) pursuant to the laws of any jurisdiction, issued or outstanding with respect to the Collateral or any part thereof, Pledgor will promptly advise Lender thereof, and Pledgor will promptly cause the interest of Lender to be properly noted thereon, and if any certificate of title or similar document is so issued or outstanding at the time this Security Agreement is executed by or on behalf of Pledgor, then Pledgor shall have caused the interest of Lender to have been properly noted at or before the time of such execution; and Pledgor will further promptly deliver to Lender any such certificate of title or similar document issued or outstanding at any time with respect to such Collateral.
- To the extent the Collateral is covered by a lien entry form under applicable law, Pledgor authorizes the filing and/or submission of a (5)lien entry form.
- If the Collateral is or may become fixtures on real property described herein, this Security Agreement, upon being filed for record in the (6)real property records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the Code upon such of the Collateral which is or may become fixtures.
- Pledgor has rights in or the power to transfer and assign the Collateral hereunder and its title to the Collateral is free of all adverse (7)claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.
- All Collateral consisting of goods is located solely in the state and/or states previously designated and warranted by Pledgor to Lender. (8)
- Pledgor's: (9)
  - (a) chief executive office is located in the state previously designated and warranted by Pledgor to Lender;
  - state of incorporation, organization or registration is the state previously designated and warranted by Pledgor to Lender; and (b)· (c) exact legal name is as set forth on page 1 of this Security Agreement.

### SECTION VI: EVENTS OF DEFAULT.

Pledgor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (1) Pledgor or Borrower fails to pay any of the Indebtedness when the same shall become due and payable; or
- (2) Pledgor or Borrower (a) fails to perform any of their respective obligations under this Security Agreement or the other Loan Documents, or any other event of default or breach occurs under this Security Agreement or the other Loan Documents, or (b) to the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, fails to perform any of their respective obligations under any other promissory note, security agreement, loan agreement or other agreement between Lender and Pledgor or Borrower or any other event of default or breach occurs thereunder; or
- (3) Any (a) statement, representation or warranty made by Pledgor in this Security Agreement, the other Loan Documents, the control agreement (if applicable), or in any other agreement between Lender and Borrower or Pledgor, or (b) any information contained in any financial statement or other document delivered to Lender by or on behalf of Borrower or Pledgor, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement, representation or warranty therein not misleading in light of the circumstances in which they were made; or
- (4) Pledgor:

  - (a) dies or becomes physically or mentally incapacitated; or
     (b) in the case of a Pledgor who is not a natural person, dissolves, terminates or in any other way ceases to legally exist or has its entity powers or privileges suspended or revoked for any reason; or
  - makes an assignment for the benefit of creditors, or enters into any composition, marshalling of assets or similar arrangement in (c) respect of its creditors generally; or becomes insolvent or generally does not pay its debts as such debts become due; or
  - (d)
  - conceals, removes, or permits to be concealed or removed, any part of Pledgor's property, with intent to hinder, delay or defraud its (e) creditors or any of them, or makes or suffers a transfer of any of Pledgor's property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or makes any transfer of Pledgor's property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(5) A trustee, receiver, agent or custodian is appointed or authorized to take charge of any property of Pledgor for the purpose of enforcing

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a lien against such property or for the purpose of administering such property for the benefit of its creditors; or

- (6) An order (a) for relief as to Pledgor is granted under Title 11 of the United States Code or any similar law, or (b) declaring Pledgor to be incompetent is entered by any court; or
- (7) Pledgor files any pleading seeking, or authorizes or consents to, any appointment or order described in subsections (5) or (6) above, whether by formal action or by the admission of the material allegations of a pleading or otherwise; or
- (8) Application is made for or there is an enforcement of any lien, levy, seizure, garnishment or attachment of any property of the Pledgor for the purposes of collecting a lawful debt; or
- (9) Any action or proceeding seeking any appointment or order described in subsections (5) or (6) above is commenced without the authority or consent of Pledgor, and is not dismissed within thirty (30) days after its commencement; or
- (10) Pledgor shall become involved (whether as plaintiff or defendant) in any material litigation (including, without limitation, matrimonial litigation) or arbitral or regulatory proceedings that, if determined adversely to Pledgor, could materially and adversely affect Pledgor's financial position, or could affect Pledgor's ability to repay the Indebtedness, or could adversely affect the Collateral or any portion thereof or Lender's security interest therein; or
- (11) Pledgor, in Lender's opinion, has suffered a material change in financial condition which, in Lender's opinion, impairs the ability of Pledgor to repay the Indebtedness or to properly perform Pledgor's obligations under this Security Agreement or the other Loan Documents; or
- (12) Any of the events or conditions described in subsections (4) through (11) above happen to, by, or with respect to Borrower (if Borrower and Pledgor are not the same).
- (13) Lender believes, as a result of any material change in condition whether or not described herein, that Lender will be adversely affected, that the Indebtedness is inadequately secured, or that the prospect of payment of any of the Indebtedness or performance of any of Pledgor's or Borrower's obligations under the Loan Documents is impaired.
- (14) To the extent allowed by law, and except as to loans for homestead, homestead equity, home equity lines of credit, and/or household or other consumer goods, as to each Pledgor and/or Borrower with regard to any other credit facility with any other lender, any monetary default and/or any non-monetary default occurs which results in acceleration of the indebtedness by any such other lender; and each Pledgor agrees to notify Lender of any such default within fifteen (15) days after the occurrence of the default.
- (15) There occurs any loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to, or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- (16) The Collateral becomes, in the judgment of Lender, unsatisfactory, or insufficient in character or value.
- (17) The occurrence of any environmentally hazardous spill, discharge or other similar event adversely affecting the Collateral or the premises in which the Collateral is located, whether such event occurs on such premises or on other premises.
- (18) Pledgor or Borrower, or any of them, or any guarantor of any portion of the Indebtedness, fails to timely deliver any and all financial statements, income tax returns, cash flow information, balance sheets, accounts receivable reports, or any other business, tax or financial information requested by Lender.

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## SECTION VII: LENDER'S RIGHTS AND REMEDIES.

#### A. General.

Lender may exercise the following rights and remedies either before or after an Event of Default:

- (1) Lender may take control of any proceeds of the Collateral.
- (2) Lender may release any Collateral in Lender's possession to any Pledgor, temporarily or otherwise.
- (3) Lender may take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the Indebtedness accordingly or permit Pledgor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance.
- (4) Lender may require that Pledgor from time to time, in Lender's discretion, take any action and execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Security Agreement including, without limitation, (a) ask, demand, collect, sue for, recover, compound, receive and give receipts for monies due and to become due under or in respect of any Collateral; (b) receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with the actions described in preceding clause (a); and (c) file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for collection of any of the Collateral or otherwise to enforce its rights with respect to any of the Collateral. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Pledgor's appointment of Lender as Pledgor's agent is coupled with an interest and will survive any disability of Pledgor.
- (5) This Security Agreement, Lender's rights hereunder and/or the Indebtedness hereby secured may be assigned by Lender in whole or in part from time to time, and in any such case Lender shall be fully discharged from all responsibility with respect to the Collateral so assigned and the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Lender to the extent the same are assigned, and Pledgor will assert no claim or defenses Pledgor may have against Lender against the assignee, except those granted in this Security Agreement. In addition, Pledgor waives and will not assert against the assignee any claims, defenses or set-offs which Pledgor could assert against Lender except defenses which cannot be waived.
- (6) Lender may enter upon Pledgor's premises at any reasonable time to inspect the Collateral and Pledgor's books and records pertaining to the Collateral, and Pledgor shall assist the Lender in making any such inspection.
- (7) Lender may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidence of indebtedness to Pledgor to pay Lender directly as proceeds of the Collateral. Lender may contact account debtors directly to verify information furnished by Pledgor.
- (8) Lender may require additional collateral or reject as unsatisfactory any property hereafter offered by Pledgor as additional collateral.
- (9) Lender may designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such percentage.
- (10) Lender may present for conversion to cash any instrument or investment security or a combination thereof. But Lender shall not have any duty to present for conversion any instrument of Collateral in its possession unless it shall have received from Pledgor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.
- (11) Lender has no obligation to attempt to satisfy the Indebtedness by collecting them from any other person liable for them and Lender may release, modify or waive any collateral provided by any other person to secure any of the Indebtedness, all without affecting Lender's rights against Pledgor. Pledgor waives any right it may have to require Lender to pursue any third person for any of the Indebtedness.

- (12) Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to adversely affect the commercial reasonableness of any sale of the Collateral.
- (13) If Lender sells any of the Collateral upon credit, Pledgor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Pledgor shall be credited with the proceeds of the sale.
- (15) Lender has no obligation to marshal any assets in favor of Pledgor, or against or in payment of:
  - (i) the Note,
  - (ii) any of the other Indebtedness, or
  - (iii) any other obligation owed to Lender by Pledgor or any other person.
- (16) This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Lender and shall bind all persons who become bound as a Piedgor to this Security Agreement.
- (17) Lender does not consent to any assignment by Pledgor except as expressly provided in this Security Agreement.

The foregoing rights and powers of Lender will be in addition to, and not a limitation upon, any rights and powers of Lender given by law, elsewhere in this Security Agreement, or otherwise.

#### B. Remedies in Event of Default

During the existence of any Event of Default, or in the event Lender deems itself insecure in the payment of the Indebtedness, Lender may declare all or any portion of the Indebtedness immediately due and payable, enforce the Indebtedness, and/or exercise any rights and remedies granted by the Code or by this Security Agreement, including the following:

- (1) require Pledgor to deliver to Lender all books and records relating to the Collateral;
- (2) require Pledgor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties;
- (3) take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace and in such event Lender will not be guilty of, and/or held liable for, trespass;
- (4) sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a Lender under Articles 2 and 9 of the Code after giving notice as required by those articles; unless the Collateral threatens to decline rapidly in value, is perishable, or would typically be sold on a recognized market, Lender will give Pledgor reasonable notice of any public sale of the Collateral or of a time after which it may be otherwise disposed of without further notice to Pledgor; and in this event notice will be deemed reasonable if it is mailed, postage prepaid, to Pledgor at the address for Pledgor set forth on page 1 of this Security Agreement at least ten days before any public sale or ten days before the time when the Collateral may be sold by private sale or otherwise disposed of without further notice to Pledgor. Pledgor authorizes Lender to disclaim or modify any and all warranties set forth in the Code and stipulates and agrees that such a disclaimer and/or modification will not render any sale of the Collateral or any portion thereof by Lender commercially unreasonable.
- (5) surrender any insurance policies covering the Collateral and receive the unearned premium;
- (6) apply any proceeds from disposition of the Collateral after an Event of Default in the manner specified in the Code, including payment of Lender's reasonable attorney's fees and court expenses;
- (7) if disposition of the Collateral leaves any portion of the Indebtedness unsatisfied, collect the deficiency from all liable parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Lender's reasonable attorney's fees and legal costs and/or expenses, and Pledgor agrees to pay on demand by Lender such costs, expenses, and fees, plus interest thereon at the maximum rate allowed by applicable law;
- (8) To the extent allowed by law, Lender may retain all or part of the Collateral in full and/or partial satisfaction of the Indebtedness pursuant to the Code;
- (9) Lender may, without demand or notice of any kind, appropriate and apply toward the payment of any portion of the Indebtedness then owing to Lender and in such order of application as the Lender may from time to time elect, any property, balances, credits, deposits, accounts or monies of Pledgor which for any purpose is in the possession or control of the Lender or any member Bank, branch Bank or other depository institution of International Bancshares Corporation; and/or
- (10) Lender may remedy any Event of Default without waiving the Event of Default remedied and may waive any Event of Default without waiving any other prior or subsequent Event of Default.

#### SECTION VIII: ADDITIONAL AGREEMENTS.

- (1) A copy of this Security Agreement or any Financing Statements covering the Collateral are sufficient and may be filed as a Financing Statement. Information concerning this security interest may be obtained at the office of Lender set out on page 1 hereof.
- (2) This Security Agreement may only be modified or limited by an agreement in writing signed by all parties hereto.
- (3) The security interest hereby created shall neither affect nor be affected by any other security for any of the Indebtedness. Neither extensions nor increases of any of the Indebtedness nor releases of any of the Collateral shall affect the validity of the security interest hereby created with reference to Pledgor or any third party. Pledgor specifically waives all suretyship type defenses. Additionally, foreclosure of the security interest hereby created by lawsuit does not limit Lender's remedies, including the right to sell the Collateral under the terms of this Security Agreement. Lender shall have the right to exercise all remedies at the same or different times and no remedy shall be a defense to any other. Lender shall have all rights and remedies granted by law or otherwise in addition to those provided in this Security Agreement.
- (4) Lender may remedy any Event of Default without waiving it. No delay by Lender in exercising its rights or partially exercising its rights or remedies shall waive further exercise of those remedies or rights. The failure of Lender to exercise any remedies or rights does not waive subsequent exercise of those remedies or rights. Any waiver by Lender of any Event of Default shall not waive any further Event of Default. Lender may remedy any Event of Default without waiving it. Lender's waiver of any right in this Security Agreement or any Event of Default is binding only if in writing.
- (5) Pledgor and Lender intend that the Indebtedness shall be in strict compliance with applicable usury laws. If at any time interest contracted for, charged or received under any Indebtedness secured by this Security Agreement or otherwise in connection with this transaction would be usurious under applicable law, then regardless of the provisions of this Security Agreement or any other documents or instruments evidencing, securing or otherwise executed in connection with any Indebtedness secured by this Security Agreement, or any action or event (including, without limitation, prepayment of principal of any Indebtedness or acceleration of maturity of any Indebtedness by Lender) which may occur with respect to any of the Indebtedness, it is agreed that all sums determined to be usurious shall be immediately credited by Lender to Pledgor or Borrower, as the case may be, as a payment of principal under the Indebtedness or if the Indebtedness has already been paid, immediately refunded to Pledgor or Borrower, as the case may be. All compensation which constitutes interest under applicable law in connection with any Indebtedness secured by this Security Agreement shall be amortized,

prorated, allocated, and spread over the full period of time any of the Indebtedness is owed by Pledgor or Borrower, as the case may be, to the greatest extent permissible without exceeding the applicable maximum rate allowed by applicable law in effect from time to time during such period.

- (6) Lender may perform any obligation which Pledgor fails to perform and Pledgor agrees on demand to reimburse Lender immediately for any sums so paid by Lender, including attorneys' fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the Note for matured, unpaid amounts. Any sum to be reimbursed shall constitute Indebtedness and be secured by this Security Agreement. [See Section V, A. (9) for insurance reimbursements].
- (7) This Security Agreement is being executed and delivered and is intended to be performed in the State where Lender is located and shall be construed and enforced in accordance with the laws of such State, except to the extent that the Code provides for the application of the law of a different state. When the context requires, singular nouns and pronouns include the plural. The rights of Lender under this Security Agreement shall inure to the benefit of its successors and assigns. Any assignment of part of the Indebtedness and delivery by Lender of any part of the Collateral will fully discharge Lender from any and all responsibility for that portion of the Collateral.
- (8) Pledgor's Indebtedness under this Security Agreement shall bind Pledgor's personal representatives, successors and assigns. If Pledgor is more than one person or entity, all their representations, warranties and agreements are joint and several. If any part of this Security Agreement is unenforceable, the unenforceability of such provision will not affect the enforceability of any other provision hereof and all other provisions will constitute valid provisions.
- (9) For purposes of this Security Agreement, Lender's location is the address of Lender set forth on page 1 hereof.

SECTION IX: ARBITRATION

#### BINDING ARBITRATION AGREEMENT PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.

PLEDGOR AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the "Arbitration Provisions"):

I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

(a) <u>Informal Resolution of Customer Concerns.</u> Most customer concerns can be resolved quickly and to the customer's satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) <u>Sending Notice of Dispute.</u> If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) <u>If the Dispute is not Informally Resolved</u>. If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) "<u>DISPUTE(S)</u>". As used herein, the word "DISPUTE(S)" includes any and all controversies or claims between the PARTIES of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Agreement, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the PARTIES, any and all transactions between or involving the PARTIES, and/or any and all aspects of any past or present relationship of the PARTIES, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tor, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equily.
- (e) "<u>CONSUMER DISPUTE</u>" and "<u>BUSINESS DISPUTE</u>". As used herein, "CONSUMER DISPUTE" means a DISPUTE relating to an account (including a deposit account), agreement, extension of credit, loan, service, or product provided by the Lender that is primarily for personal, family or household purposes. "BUSINESS DISPUTE" means any DISPUTE that is not a CONSUMER DISPUTE.
- (f) "PARTIES" or "PARTY". As used in these Arbitration Provisions, the term "PARTIES" or "PARTY" means Pledgor, Lender, and each and all persons and entities signing this Agreement or any other agreements between or among any of the PARTIES as part of this transaction. "PARTIES" or "PARTY" shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Agreement. Throughout these Arbitration Provisions, the term "you" and "you" refer to Pledgor, and the term "Arbitrator" refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the DISPUTE is arbitrated.
- (g) <u>BINDING ARBITRATION</u>. The PARTIES agree that any DISPUTE between the PARTIES shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either PARTY. BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT (except for matters that may be taken to small claims court for a CONSUMER DISPUTE as provided below).
- (h) <u>CLASS ACTION WAIVER</u>. The PARTIES agree that (i) no arbitration proceeding hereunder whether a CONSUMER DISPUTE or a BUSINESS DISPUTE shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL

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BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.

FEDERAL ARBITRATION ACT AND TEXAS LAW. The PARTIES acknowledge that this Agreement evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.

#### Provisions applicable only to a CONSUMER DISPUTE:

(i)

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- (a) Any and all CONSUMER DISPUTES shall be resolved by arbitration administered by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the PARTIES that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association's Consumer Due Process Protocol and due process in predispute arbitration. If a CONSUMER DISPUTE is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any PARTY.
- (b) Instead of proceeding in arbitration, any PARTY hereto may pursue its claim in your local small claims court, if the CONSUMER DISPUTE meets the small claims court's jurisdictional limits. If the small claims court option is chosen, the PARTY pursuing the claim must contact the small claims court directly. The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the CONSUMER DISPUTE prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney's fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA's Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator's fees and costs imposed by the administrator of the arbitration. With regard to a CONSUMER DISPUTE for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you financial hardship.
- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a CONSUMER DISPUTE for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at <u>www.adr.org</u>.

## III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all BUSINESS DISPUTES between the PARTIES shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A BUSINESS DISPUTE for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any PARTY. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any PARTY, the arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The PARTIES shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The PARTIES need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either PARTY's right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitration. The PARTIES agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.
- (c) Except to the extent the recovery of any type or types of damages or penalties may not by waived under applicable law, the Arbitrator shall not have the authority to award either PARTY (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing PARTY. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.
- IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:
  - The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any **DISPUTES** relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
  - (b) These Arbitration Provisions shall survive any termination, amendment, or expiration of this Agreement, unless all of the PARTIES otherwise expressly agree in writing.
  - (c) If a PARTY initiates legal proceedings, the failure of the initiating PARTY to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating PARTY's right to compel arbitration with respect to the daims asserted in the litigation. The failure of the defending PARTY's receipt of service of judicial process shall be deemed a waiver of the right of the defending PARTY's receipt of service of indicial process shall be deemed a waiver of the right of the defending PARTY to compel arbitration with respect to the claims

(a)

asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a **PARTY** in connection with such litigation, the failure of such **PARTY** to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such **PARTY's** receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such **PARTY's** right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a **PARTY** shall not in any event be deemed a waiver of such **PARTY's** right to compel arbitration proceeding.

Any PARTY seeking to arbitrate shall serve a written notice of intent to any and all opposing PARTIES after a DISPUTE has arisen. The PARTIES agree a timely written notice of intent to arbitrate by either PARTY pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.

Any Arbitrator selected shall be knowledgeable in the subject matter of the DISPUTE and be licensed to practice law.

For a one (1) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. For a three (3) member arbitration panel, the PARTIES are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the PARTIES exercise all of their respective strikes. After exercising all of their allotted respective strikes, the PARTIES shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the PARTIES rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each PARTY. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.

- (g) The PARTIES and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
  - Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
  - If the AAA is unable for any reason to provide arbitration services, then the PARTIES agree to select another arbitration service provider that has the ability to arbitrate the DISPUTE pursuant to and consistent with these Arbitration Provisions. If the PARTIES are unable to agree on another arbitration service provider, any PARTY may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the PARTIES mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.
  - If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

SECTION X. Swap Transactions. Without limiting the generality of any other provisions of this Agreement, Pledgor and Lender agree that the following obligations of Pledgor and/or Borrower are secured by this Agreement and constitute "Indebtedness", as that term is used in this Agreement: (i) any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of the Pledgor and/or Borrower to Lender or any Lender Affiliate (as hereinafter defined) arising under or in connection with any Swap Transaction, and (ii) any Swap Related Loss (as defined in the Note) that becomes due and payable in accordance with the terms of the Note. The term "Swap Transaction", as used herein, means (i) any transaction effected pursuant to one or more agreements now existing or hereafter entered into between Pledgor and/or Borrower and Lender and/or any financial instrument or interest (including one or more options with respect to any such transaction), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into the financial markets and which is a forward swap, future, option or other derivative on one or more rates, or any combination of the foregoing transactions, or (iii) any transaction that is similar to any transaction referred to in clause (i) or (ii) above except that it is between Lender and/or a Lender Affiliate and any party or entity or that pledgor and/or Borrower and is entered into by Lender and/or such Lender Affiliate on account of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other similar condition or event (however described) on the part of Pledgor and/or Borrower and is entered into by Lender and/or such Lender Affiliate on succount of a corresponding Swap Transaction that is described in clause (i) or (ii) above. The occurrence or existence of any default, event of default or other si

### SECTION XI. Miscellaneous.

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- (a) Security Interest Absolute. All rights of the Lender and the security interests created hereunder shall be absolute and unconditional irrespective of:
  - (i) any change in the time, manner, amount or place of payment of, or in any other term of, all or any of the Indebtedness, or any other amendment or waiver of or any consent to any departure from the Note or any other Loan Document;
     (ii) any exchange or release or nonperfection of all or any part of the Collateral or any other collateral, or any release from, amendment to,
  - (ii) any exchange or release or nonperfection of all or any part of the Collateral or any other collateral, or any release from, amendment to, waiver of or consent to departure from any guaranty for all or any of the Indebtedness; or
  - (iii) to the fullest extent permitted by law, any other circumstances which might otherwise constitute a defense available to or a discharge of the Pledgor or Borrower or a third party pledgor.

reasonable

(b) Indemnification. The Pledgor agrees to indemnify and defend the Lender and hold the Lender harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind of nature whatsoever which may be imposed on, incurred by, or asserted against the Lender in any way relating to or in any way arising out of or in connection with this Security Agreement, the Loan Documents or the transactions contemplated hereby or thereby other than those arising out of the Lender's breach, default, negligence or willful misconduct in its obligations under this Security Agreement or the Loan Documents. Without limitation of the foregoing, the Pledgor will reimburse the Lender for all expenses (including expenses for legal services of every kind) of, or incidental to, the negotiation of, entering into and enforcement of any of the provisions hereof and of the Indebtedness, and any actual or attempted sale, lease or other disposition of, and any exchange, enforcement, collection, compromise or settlement of any of the Collateral and defending or asserting the rights and claims of the Lender in respect thereof, and for the care of the Collateral and defending or asserting the and take of the Lender in respect thereof, by litigation or otherwise, including expenses shall constitute a part of the Indebtedness.

(c) This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State where Lender is located. This Agreement has been accepted by Lender in the State where Lender is located. (d) The parties intend to conform strictly to the applicable federal, state, and local laws as now or hereafter construed by the courts having jurisdiction. All agreements between the parties hereto (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. If from a construction of any document related to any agreement between the parties hereto (or any other party liable with respect to any Indebtedness), any term(s) or provision(s) of the document is in conflict with, or in violation of, applicable laws, any such construction shall be subject to the provisions of this subsection and such document shall be automatically reformed as to comply with applicable law, without the necessity of execution of any amendment or new document.

(e) Attorney's fess and costs of collection, once liquidated, paid by Lender and/or otherwise allowed by law, will bear interest from the dates of such payments until paid (i) at the rate of interest applied to the matured and past due principal balance of the Note, as such rate may change from time to time, or (ii) if the Note is not described in Section III hereof, at the maximum lawful rate.

(f) To the extent allowed by law, any and all collateral owned by Pledgor securing other indebtedness of Pledgor and/or Borrower to Lender and all of Pledgor's accounts with Lender and/or any member bank of the International BancShares Corporation, excluding however, all IRA and KEOGH and trust accounts upon which the grant of a security interest would be prohibited, and any and all repurchase agreements or other non-deposit obligations, also secure the Indebtedness.

(g) This Security Agreement constitutes written notice of a security interest if required by applicable law.

(h) PLEDGOR HAS READ AND UNDERSTOOD ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HAS AGREED TO ITS TERMS

### SECTION XII: NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Dated: February \_\_\_, 2024

### PLEDGOR(S):

Rise Residential Development, LLC A Texas Limited Liability Company

By:\_\_\_\_\_ Name: Melissa Renee Fisher Title: Manager

Address: 16812 Dallas Pkwy Dallas, Texas 75248

### SECURED PARTY:

#### International Bank of Commerce

By: \_\_\_\_

Name: Lee Reed Title: President

## ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## PART 1

## Definitions

Section 1.1 <u>Terms Defined in UCC.</u> Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein.</u> As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

<u>"Copyrights"</u> means all of the Pledgor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, (d) the right to sue for past, present, and future infringements of any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

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"Investment Property" has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

## ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

<u>"Licenses"</u> means all of the Pledgor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Pledgor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof; and (d) any and all other rights, privileges, and/or licenses.

<u>"Lien"</u> means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

<u>"Patents"</u> means all of the Pledgor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

<u>"Receivables"</u> means all property now or hereafter owned or acquired by the Pledgor which constitutes Accounts, Chattel Paper, Documents, Investment Property, Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

# "Security" has the meaning specified in Article 8 of the UCC.

<u>"Stock Rights"</u> means all dividends, instruments, or other distributions and any other right or property which the Pledgor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Pledgor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" has the meaning specified in Article 9 of the UCC.

<u>"Trademarks"</u> means all of the Pledgor's right, title, and interest in and to (a) trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or licensor, (c) renewals of the foregoing, (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof, (e) rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"UCC"</u> means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## PART 2

## Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Pledgor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Pledgor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Pledgor, and regardless of where located, including without limitation, all:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(o) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

### ATTACHMENT I TO SECURITY AGREEMENT REGARDING ASSETS

## ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

## (Page 1 of 2)

Being a 10.275 acre tract of land situated in the James W. Gardner Survey Abstract Number 526, and the James Saunders Survey Abstract Number 1424, Rowlett Dallas County, Texas, and being part of that tract described in Warranty Deed to Bobby R. Belzle as recorded in Volume 77018, Page 549, Deed Records Dallas County, Texas (D.R.D.C.T), part of that tract to Doris Belzle by Probate Number 80-653-P, Probate Records Dallas County, Texas, and part of that tract described in a Deed to Herschel V. Forester, Trustee as recorded in Volume 73167, Page 1412, D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a ¾" iron rod found, for the northeast corner of Lot 1A, Block A, Dalrock Store Addition, an Addition to the City of Rowlett, recorded in Volume 2001105, Page 1986, Map Records Dallas County, Texas the northwest corner of the herein described tract and being in the south right of way line for Lakeview Parkway (S.H. 66, variable width right of way);

THENCE North 64 degrees 13 minutes 42 seconds East with said right of way, a distance of 61.20 feet to a set 5/8-inch iron rod set with cap stamped "ADAMS SURVEYING COMPANY" (CIRS);

THENCE North 58 degrees 44 minutes 20 seconds East, a distance of 87.05 feet to a CIRS, being the southwest corner of Forester Herschel V. Tr. Tract, referenced by Volume 1294, Page 353, D.R.D.C.T.;

THENCE North 59 degrees 11 minutes 31 seconds East continuing with said right of way line, a distance of 175.00 feet to a CIRS;

THENCE South 30 degrees 48 minutes 29 seconds East leaving said right of way line, a distance of 298.59 feet to a CIRS;

THENCE North 56 degrees 53 minutes 52 seconds East, a distance of 335.62 feet to a CIRS, being in the south line of said Forester Herschel V. Tr. Tract, and the north line of said Belzle tract;

THENCE North 88 degrees 23 minutes 09 seconds East, a distance of 48.26 feet to a ½" iron rod found, being the northwest corner of Garland ISD Tract "B", recorded in Volume 72098, Page 2020, D.R.D.C.T. and the northeast corner of said Belzle tract;

THENCE South 00 degrees 58 minutes 40 seconds East with the common line of said Garland ISD tract, a distance of 560.15 feet to a ½" iron rod found, being the northwest corner of Lynn M. Djahangiri, recorded in Volume 97109, Page 1470, D.R.D.C.T.;

THENCE South 88 degrees 25 minutes 34 seconds West, a distance of 341.50 feet to a ½" iron rod found;

THENCE South 03 degrees 09 minutes 35 seconds West, a distance of 283.80 feet to a point for corner in creek;

THENCE northerly with said creek as follows:

North 25 degrees 49 minutes 51 seconds West, a distance of 65.74 feet to a point for corner;

North 60 degrees 25 minutes 36 seconds West, a distance of 109.46 feet to a point for corner; North 29 degrees 14 minutes 54 seconds West, a distance of 77.30 feet to a point for corner;

South 80 degrees 29 minutes 31 seconds West, a distance of 48.16 feet to a point for corner;

North 73 degrees 47 minutes 53 seconds West, a distance of 158.62 feet to a point for corner;

North 39 degrees 42 minutes 55 seconds West, a distance of 147.62 feet to a point for corner;

North 02 degrees 23 minutes 42 seconds West, a distance of 91.48 feet to a point for a corner, the intersection of said creek and the south line of the aforesaid Lot 1A;

### ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

## ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

## (Page 2 of 2)

THENCE North 89 degrees 11 minutes 56 seconds East, with said south line a distance of 77.81 feet to a CIRS, being the southeast corner of said Lot 1A;

THENCE northerly with the east line of said Lot 1A as follows:

North 00 degrees 45 minutes 25 seconds West, a distance of 241.94 feet to a 3/8" iron rod found;

North 28 degrees 39 minutes 37 seconds West, a distance of 61.04 feet to a point for corner;

North 00 degrees 33 minutes 06 seconds West, a distance of 44.75 feet to the POINT OF BEGINNING containing 10.275 acres (447,560 square feet) of land more or less.

## ATTACHMENT II TO SECURITY AGREEMENT REGARDING ASSETS

CC FINANCING STATEMENT				
NAME & PHONE OF CONTACT AT SUBMITTER (optional)				
E-MAIL CONTACT AT SUBMITTER (optional)				
SEND ACKNOWLEDGMENT TO: (Name and Address)				
International Bank of Commerce 1600 Ruben M Torres Sr Blvd Brownsville, Texas 78526				
SEE BELOW FOR SECURED PARTY CONTACT INF	ORMATION THE AB	OVE SPACE IS FOR	FILING OFFICE USE	ONLY
DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exa	ct, full name: do not omit, modify, or abbreviate any p	part of the Debtor's name	e); if any part of the Individua	A MARTIN COMPANY AND ADDRESS OF ADDRESS
not fit in line 1b, leave all of item 1 blank, check here and	provide the Individual Debtor information in item 10 of	f the Financing Statement	Addendum (Form UCC1Ad)	
1a. ORGANIZATION'S NAME Savannah at Lakeview, LP				
1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITION	AL NAME(S)/INITIAL(S)	SUFFIX
MAILING ADDRESS 6812 Dallas Parkway			POSTAL CODE <b>75248</b>	
	Dallas	TX		NAMES OF A DESCRIPTION OF
DEBTOR'S NAME: Provide only <u>one</u> Debtor name (2a or 2b) (use exa not fit in line 2b, leave all of item 2 blank, check here	ct, full name: do not omit, modify, or abbreviate any p I provide the Individual Debtor information in item 10 of	f the Financing Statement	Addendum (Form UCC1Ad)	Deptors nam
2a. ORGANIZATION'S NAME				-
	FIRST PERSONAL NAME		AL NAME(S)/INITIAL(S)	SUFFIX
2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITION		0011IX
MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTR
		CTAUNCED CONTRACTOR		NATIONAL PROPERTY AND ADDRESS OF
SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOF 3a. ORGANIZATION'S NAME	R SECURED PARTY): Provide only <u>one</u> Secured Pa	arty name (3a or 3b)		
International Bank of Commerce				
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITION	AL NAME(S)/INITIAL(S)	SUFFIX
MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTR
600 Ruben M Torres Sr Blvd	Brownsville	TX	78526	USA
COLLATERAL: This financing statement covers the following collateral: All assets of Debtor, whether now ow described on Attachment I, attached I	ned or he <b>reafter a</b> cquired, hereto and incorporated he	including, w erein for all p	ithout limitatio ourposes.	n, as
	a - Taunk (a sa 1 (COAA) item 47 and lasterstime)	heing administer	ed by a Decedent's Persona	Representa
Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is held in the check <u>only</u> if applicable and check <u>only</u> one box.	n a Trust (see UCC1Ad, item 17 and Instructions)	formand.	applicable and check <u>only</u> o	CARDINAL AND AND A MARKED AND AND AND AND AND AND AND AND AND AN
		and the second sec		
Public-Finance Transaction     Manufactured-Home Transaction	ction A Debtor is a Transmitting Utility	Agricult	ural Lien Non-UCC	, Filing
Public-Finance Transaction     Manufactured-Home Transa     ALTERNATIVE DESIGNATION (if applicable):     Lessee/Lessor		and the second se		nsee/Licenso
Public-Finance Transaction Manufactured-Home Transac			Contraction of the Contraction o	No. of Concession, Name of Concession, Name

# ATTACHMENT I TO UCC1 FINANCING STATEMENT REGARDING ASSETS

# PART 1

# Definitions

Section 1.1 <u>Terms Defined in UCC.</u> Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein</u>. As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

"Copyrights" means all of the Debtor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, (d) the right to sue for past, present, and future infringements of any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

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"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

<u>"Investment Property"</u> has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

"Licenses" means all of the Debtor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Debtor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof; and (d) any and all other rights, privileges, and/or licenses.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

<u>"Patents"</u> means all of the Debtor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"Person"</u> means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

"Receivables" means all property now or hereafter owned or acquired by the Debtor which constitutes Accounts, Chattel Paper, Documents, Investment Property,

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

2 of 4

Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

# "Security" has the meaning specified in Article 8 of the UCC.

<u>"Stock Rights"</u> means all dividends, instruments, or other distributions and any other right or property which the Debtor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Debtor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

# "Supporting Obligations" has the meaning specified in Article 9 of the UCC.

<u>"Trademarks"</u> means all of the Debtor's right, title, and interest in and to (a) trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or licensor, (c) renewals of the foregoing, (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof, (e) rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"UCC"</u> means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## PART 2

## Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Debtor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Debtor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Debtor, and regardless of where located, including without limitation, all:

## ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

3 of 4

- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(o) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

# ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

4 of 4

CC FINANCING STATEMENT				
NAME & PHONE OF CONTACT AT SUBMITTER (optional)				
E-MAIL CONTACT AT SUBMITTER (optional)				
SEND ACKNOWLEDGMENT TO: (Name and Address)				
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International Bank of Commerce 1600 Ruben Torres Sr Blvd				
Brownsville, Texas 78526	I			
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1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDIT	IONAL NAME(S)/INITIAL(S)	SUFFIX
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7. ALTERNATIVE DESIGNATION (if applicable):	Lessee/Lessor	Consignee/Consignor	Seller/Buye	er [	Bailee/Bailor	Licensee/Licensor	
8. OPTIONAL FILER REFERENCE DATA: 1080037217		ŝ			len er en er e En er en e	:	
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3c. MAILING ADDRESS 1600 Ruben Torres Sr Blvd	Brownsville	STATE TX	POSTAL CODE 78526	
4. COLLATERAL: This financing statement covers the following collateral:	DIOWIISVIIIE		10520	103
Reference is hereby made for all purpor Lakeview, LP, and Rise Residential Co et.al.; Cause No. DC-22-16947, in the December 9, 2022 (the "Litigation"). All rights, title, and interest in any proce awarded to Debtor arising from or in re recovery it may now have or later poss action, claims, and rights to recovery ir	eeds, damages, m lation to Debtor's ess in the Litigatio	Oncor Electric Deli ict of Dallas Count noney, settlements causes of action, c on, including any la	very Company y, Texas, filed , and/or judgme claims, and righ	ents its to
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c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor 3. OPTIONAL FILER REFERENCE DATA:	Consignee/Consignor Seller			
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#### SCHEDULE I

All of the right, title and interest of Debtor in and to the following types or items of property now or hereafter acquired by Debtor and all accessions or substitutions therefore and all products or proceeds thereof:

1. All buildings and other improvements now or hereafter attached to or placed, erected, constructed or developed on the Land (collectively, the "Improvements");

2. All equipment, fixtures, furnishings, inventory, and articles of personal property leased or owned by Debtor (the "Personal Property") now or hereafter attached to or used in or about the Improvements or that are necessary or useful for the complete and comfortable use and occupancy of the Improvements for the purposes for which they were or are to be attached, placed, erected, constructed or developed, or which personal property is or may be used in or related to the planning, development, financing or operation of the Improvements, and all renewals of or replacements or substitutions for any of the foregoing, whether or not the same are or shall be attached to the Land or Improvements;

3. All water, and water rights, utility capacity (including any offer of reservation which may be granted by any governmental subdivision), timber, crops, and mineral interest pertaining to the Land;

4. All building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or the Improvements except items which are fixtures;

5. All plans and specifications for the Improvements if any;

6. All contracts relating to the Land, the Improvements or the Personal Property;

7. All deposits, bank accounts, funds, documents, contract rights, accounts receivable, commitments, construction contracts, architectural agreements, general intangibles (including, without limitation, trademarks, trade names and symbols) and instruments, notes or chattel paper arising from or by virtue of any transaction related to the Land, the Improvements or the Personal Property;

8. All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Land, the Improvements and the Personal Property, including without limitation, the Tax Credits, defined as those certain low income housing tax credits provided to Debtor pursuant to Internal Revenue Code Section 42 by the Texas Department of Housing and Community Affairs (collectively, the "Tax Credits"), and Secured Party may exercise its remedies regarding the Tax Credits hereunder if (i) Secured Party has foreclosed on the Land; (ii) Secured Party is concurrently (a) exercising its remedies regarding the Tax Credits and (b) foreclosing on the Land, or (iii) the Land is transferred to Secured Party in lieu of foreclosure;

9. All proceeds arising from or by virtue of the sale, lease or other disposition of the Land, the Improvements or the Personal Property;

10. All proceeds (including premium refunds) of each policy of insurance relating to the Land, the Improvements, or the Personal Property;

11. All proceeds from the taking of any of the Land, the Improvements, the Personal Property or any rights appurtenant thereto by right of domain or by probate or other purchase in lieu thereof, including change of grade of streets, curb cuts, or other rights of access, for any public or quasi-public use under any law;

12. All right, title, and interest of Debtor in and to all streets, roads, public places, easements, and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land;

13. All of the leases, rents, royalties, bonuses, issues, profits, revenues or the benefits of the Land, the Improvements or the Personal Property, including, without obligation, cash, or securities deposited pursuant to leases to secure performance by the lessees of their obligations there under;

14. All consumer goods located in, on or about the Land, Improvements or used in connection with the use or operation thereof;

15. All rights, interests, and appurtenances pertaining to the foregoing; and

16. All other interests of every kind and character that Debtor now has or at any time hereafter acquires in and to the Land, Improvements, and Personal Property described herein and all rights of ingress and egress and all reversionary rights or interests of Debtor with respect to such property.

#### SCHEDULE I TO UCC FINANCING STATEMENT

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Te. MAILING ADDRESS       CITY       STATE       POSTAL CODE       C         16812 Dallas Plwy       Dallas       TX       75248       C         2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name: do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor not fit in line 2b, leave all of item 2 blank, check here       and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)         2a. ORGANIZATION'S NAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         2b. INDIVIDUAL'S SURNAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         2c. MAILING ADDRESS       CITY       STATE       POSTAL CODE       C         3a. ORGANIZATION'S NAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         3a. ORGANIZATION'S NAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         3a. ORGANIZATION'S NAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         3a. INDIVIDUAL'S SURNAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         3b. INDIVIDUAL'S SURNAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)       S         3b. INDIVIDUAL'S SURNAME       FIRST PERSONAL NAME       ADDITIONAL NAME(S)/INITIAL(S)						
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## PART 1

## **Definitions**

Section 1.1 <u>Terms Defined in UCC</u>. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein</u>. As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

<u>"Copyrights"</u> means all of the Debtor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, (d) the right to sue for past, present, and future infringements of any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

## ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

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"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

<u>"Investment Property"</u> has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

"Licenses" means all of the Debtor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Debtor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof; and (d) any and all other rights, privileges, and/or licenses.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

<u>"Patents"</u> means all of the Debtor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"Person"</u> means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

"Receivables" means all property now or hereafter owned or acquired by the Debtor which constitutes Accounts, Chattel Paper, Documents, Investment Property,

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Security" has the meaning specified in Article 8 of the UCC.

<u>"Stock Rights"</u> means all dividends, instruments, or other distributions and any other right or property which the Debtor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Debtor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" has the meaning specified in Article 9 of the UCC.

<u>"Trademarks"</u> means all of the Debtor's right, title, and interest in and to (a) trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or licensor, (c) renewals of the foregoing, (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof, (e) rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"UCC"</u> means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## PART 2

### Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Debtor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Debtor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Debtor, and regardless of where located, including without limitation, all:

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

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- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(o) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

#### ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

## (Page 1 of 2)

Being a 10.275 acre tract of land situated in the James W. Gardner Survey Abstract Number 526, and the James Saunders Survey Abstract Number 1424, Rowlett Dallas County, Texas, and being part of that tract described in Warranty Deed to Bobby R. Belzle as recorded in Volume 77018, Page 549, Deed Records Dallas County, Texas (D.R.D.C.T), part of that tract to Doris Belzle by Probate Number 80-653-P, Probate Records Dallas County, Texas, and part of that tract described in a Deed to Herschel V. Forester, Trustee as recorded in Volume 73167, Page 1412, D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a ¾" iron rod found, for the northeast corner of Lot 1A, Block A, Dalrock Store Addition, an Addition to the City of Rowlett, recorded in Volume 2001105, Page 1986, Map Records Dallas County, Texas the northwest corner of the herein described tract and being in the south right of way line for Lakeview Parkway (S.H. 66, variable width right of way);

THENCE North 64 degrees 13 minutes 42 seconds East with said right of way, a distance of 61.20 feet to a set 5/8-inch iron rod set with cap stamped "ADAMS SURVEYING COMPANY" (CIRS);

THENCE North 58 degrees 44 minutes 20 seconds East, a distance of 87.05 feet to a CIRS, being the southwest corner of Forester Herschel V. Tr. Tract, referenced by Volume 1294, Page 353, D.R.D.C.T.;

THENCE North 59 degrees 11 minutes 31 seconds East continuing with said right of way line, a distance of 175.00 feet to a CIRS;

THENCE South 30 degrees 48 minutes 29 seconds East leaving said right of way line, a distance of 298.59 feet to a CIRS;

THENCE North 56 degrees 53 minutes 52 seconds East, a distance of 335.62 feet to a CIRS, being in the south line of said Forester Herschel V. Tr. Tract, and the north line of said Belzle tract;

THENCE North 88 degrees 23 minutes 09 seconds East, a distance of 48.26 feet to a ½" iron rod found, being the northwest corner of Garland ISD Tract "B", recorded in Volume 72098, Page 2020, D.R.D.C.T. and the northeast corner of said Belzle tract;

THENCE South 00 degrees 58 minutes 40 seconds East with the common line of said Garland ISD tract, a distance of 560.15 feet to a ½" iron rod found, being the northwest corner of Lynn M. Djahangiri, recorded in Volume 97109, Page 1470, D.R.D.C.T.;

THENCE South 88 degrees 25 minutes 34 seconds West, a distance of 341.50 feet to a ½" iron rod found;

THENCE South 03 degrees 09 minutes 35 seconds West, a distance of 283.80 feet to a point for corner in creek;

#### ATTACHMENT II TO UCC FINANCING STATEMENT REGARDING ASSETS

## (Page 2 of 2)

THENCE northerly with said creek as follows:

North 25 degrees 49 minutes 51 seconds West, a distance of 65.74 feet to a point for corner;

North 60 degrees 25 minutes 36 seconds West, a distance of 109.46 feet to a point for corner; North 29 degrees 14 minutes 54 seconds West, a distance of 77.30 feet to a point for corner;

South 80 degrees 29 minutes 31 seconds West, a distance of 48.16 feet to a point for corner;

North 73 degrees 47 minutes 53 seconds West, a distance of 158.62 feet to a point for corner;

North 39 degrees 42 minutes 55 seconds West, a distance of 147.62 feet to a point for corner;

North 02 degrees 23 minutes 42 seconds West, a distance of 91.48 feet to a point for a corner, the intersection of said creek and the south line of the aforesaid Lot 1A;

THENCE North 89 degrees 11 minutes 56 seconds East, with said south line a distance of 77.81 feet to a CIRS, being the southeast corner of said Lot 1A;

THENCE northerly with the east line of said Lot 1A as follows:

North 00 degrees 45 minutes 25 seconds West, a distance of 241.94 feet to a 3/8" iron rod found;

North 28 degrees 39 minutes 37 seconds West, a distance of 61.04 feet to a point for corner;

North 00 degrees 33 minutes 06 seconds West, a distance of 44.75 feet to the POINT OF BEGINNING containing 10.275 acres (447,560 square feet) of land more or less.

#### ATTACHMENT II TO UCC FINANCING STATEMENT REGARDING ASSETS

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UCC FINANCING STATEMENT FOLLOW INSTRUCTIONS			
A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)			
B. E-MAIL CONTACT AT SUBMITTER (optional)			
C. SEND ACKNOWLEDGMENT TO: (Name and Address)			
International Bank of Commerce	I		
1600 Ruben Torres Sr Blvd			
Brownsville, Texas 78526			
SEE BELOW FOR SECURED PARTY CONTACT INFO	RMATION THE ABO	VE SPACE IS FOR FILING OFFICE USE	ONLY
1. DEBTOR'S NAME: Provide only <u>one</u> Debtor name (1a or 1b) (use exact not fit in line 1b, leave all of item 1 blank, check here	, full name; do not omit, modify, or abbreviate any pa provide the Individual Debtor information in item 10 of th		ual Debtor's name v
1a. ORGANIZATION'S NAME			
Rise Residential Development, LLC		1	
15. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	CITY	STATE POSTAL CODE	COUNTRY
16812 Dallas Plwy	Dallas	TX 75248	USA
<ol> <li>DEBTOR'S NAME: Provide only <u>one</u> Debtor name (2a or 2b) (use exact not fit in line 2b, leave all of item 2 blank, check here</li> </ol>	, full name: do not omit, modify, or abbreviate any pa provide the Individual Debtor information in item 10 of th		ial Debtor's name w
2a. ORGANIZATION'S NAME			
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS	CITY	STATE POSTAL CODE	COUNTRY
3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR S	ESECURED PARTY): Provide only <u>one</u> Secured Party	name (3a or 3b)	
3a. ORGANIZATION'S NAME			
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	CITY	STATE POSTAL CODE	COUNTRY
1600 Ruben Torres Sr Blvd 4. COLLATERAL: This financing statement covers the following collateral:	Brownsville	TX 78526	USA
Any and all personal property of Debto without limitation, as described on Atta extent, such personal property is used or pertains in a manner to the ownersh property described on Attachment II, a thereon and that may hereafter be con	ichment I, attached hereto, in connection with, is at an hip, use, development, or o ttached hereto and/or the i	to the extent, and only to ny time situated upon, or peration of those parcels	to the relates s of real
5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is held in a	a Trust (see UCC1Ad, item 17 and Instructions)	being administered by a Decedent's Person	al Representative
6a. Check only if applicable and check only one box:		6b. Check only if applicable and check only	
Public-Finance Transaction Manufactured-Home Transactio	Encoded and the second se	Agricultural Lien Non-UC	NUMBER OF THE OWNER
7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor 8. OPTIONAL FILER REFERENCE DATA:	Consignee/Consignor Seller/Bi	ayer Bailee/Bailor Lic	ensee/Licensor
1080037217		1 A. S	
ILING OFFICE COPY UCC FINANCING STATEMENT (Form	UCC1) (Poy 07/01/23)	LINE CAR CARACTER DATA DE LE CONTRACTO DE LA COMPACISIÓN DE COMPACISIÓN DE COMPACISIÓN DE COMPACISIÓN DE COMPAC	ise of

## PART 1

## Definitions

Section 1.1 <u>Terms Defined in UCC.</u> Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 <u>Definitions of Certain Terms Used Herein</u>. As used in this Schedule, the following terms shall have the following meanings:

"Accounts" has the meaning specified in Article 9 of the UCC.

"Chattel Paper" has the meaning specified in Article 9 of the UCC.

"Commercial Tort Claims" has the meaning specified in Article 9 of the UCC.

"Copyrights" means all of the Debtor's right, title, and interest in and to (a) copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications, (b) renewals of any of the foregoing, (c) income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing, (d) the right to sue for past, present, and future infringements of any of the foregoing, and (e) rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" has the meaning specified in Article 9 of the UCC.

"Documents" has the meaning specified in Article 9 of the UCC.

"Equipment" has the meaning specified in Article 9 of the UCC.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"Fixtures" has the meaning specified in Article 9 of the UCC.

"General Intangibles" has the meaning specified in Article 9 of the UCC.

#### ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

1 of 4

"Goods" has the meaning specified in Article 9 of the UCC.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Instruments" has the meaning specified in Article 9 of the UCC.

"Inventory" has the meaning specified in Article 9 of the UCC.

<u>"Investment Property"</u> has the meaning specified in Article 9 of the UCC, and includes, without limitation, any Security.

"Letter-of-Credit Rights" has the meaning specified in Article 9 of the UCC.

"Licenses" means all of the Debtor's right, title, and interest in and to (a) licensing agreements or similar arrangements in and to the Debtor's Patents, Copyrights, or Trademarks, (b) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, (c) rights to sue for past, present, and future breaches thereof; and (d) any and all other rights, privileges, and/or licenses.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien pledge, hypothecation, encumbrance, charge or security in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of Securities, any purchase option, call or similar right of a third part with respect to such Securities.

<u>"Patents"</u> means all of the Debtor's right, title, and interest in and to (a) patents and patent applications, (b) inventions and improvements described and claimed therein, (c) reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, (d) income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) rights to sue for past, present, and future infringements thereof, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"Person"</u> means any natural person, corporation, limited liability company, trust, joint venture, association, company partnership, Governmental Authority or other entity.

"Receivables" means all property now or hereafter owned or acquired by the Debtor which constitutes Accounts, Chattel Paper, Documents, Investment Property,

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

2 of 4

Instruments, and rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Security" has the meaning specified in Article 8 of the UCC.

<u>"Stock Rights"</u> means all dividends, instruments, or other distributions and any other right or property which the Debtor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest, and any right to receive earnings, in which the Debtor now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" has the meaning specified in Article 9 of the UCC.

<u>"Trademarks"</u> means all of the Debtor's right, title, and interest in and to (a) trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing, (b) licenses of the foregoing, whether as licensee or licensor, (c) renewals of the foregoing, (d) income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof, (e) rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) rights corresponding to any of the foregoing throughout the world.

<u>"UCC"</u> means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection, or priority of, or remedies with respect to, the Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## PART 2

### Description of Collateral

Section 2.1 As used in this Schedule, the term "Collateral" shall mean all of the Debtor's right, title, and interest in, to, and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Debtor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Debtor, and regardless of where located, including without limitation, all:

ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

3 of 4

- (a) Accounts;
- (b) Chattel Paper;
- (c) Copyrights, Patents, Trademarks, and Licenses;
- (d) Documents;
- (e) Equipment;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Inventory;
- (j) Investment Property;
- (k) cash or cash equivalents;
- (1) letters of credit, Letter-of-Credit Rights, and Supporting Obligations;
- (m) Deposit Accounts;
- (n) Commercial Tort Claims; and

(0) accessions to, substitutions for, and replacements, proceeds (including Stock Rights), insurance proceeds, and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts, and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

## ATTACHMENT I TO UCC FINANCING STATEMENT REGARDING ASSETS

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## (Page 1 of 2)

Being a 10.275 acre tract of land situated in the James W. Gardner Survey Abstract Number 526, and the James Saunders Survey Abstract Number 1424, Rowlett Dallas County, Texas, and being part of that tract described in Warranty Deed to Bobby R. Belzle as recorded in Volume 77018, Page 549, Deed Records Dallas County, Texas (D.R.D.C.T), part of that tract to Doris Belzle by Probate Number 80-653-P, Probate Records Dallas County, Texas, and part of that tract described in a Deed to Herschel V. Forester, Trustee as recorded in Volume 73167, Page 1412, D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a ¾" iron rod found, for the northeast corner of Lot 1A, Block A, Dalrock Store Addition, an Addition to the City of Rowlett, recorded in Volume 2001105, Page 1986, Map Records Dallas County, Texas the northwest corner of the herein described tract and being in the south right of way line for Lakeview Parkway (S.H. 66, variable width right of way);

THENCE North 64 degrees 13 minutes 42 seconds East with said right of way, a distance of 61.20 feet to a set 5/8-inch iron rod set with cap stamped "ADAMS SURVEYING COMPANY" (CIRS);

THENCE North 58 degrees 44 minutes 20 seconds East, a distance of 87.05 feet to a CIRS, being the southwest corner of Forester Herschel V. Tr. Tract, referenced by Volume 1294, Page 353, D.R.D.C.T.;

THENCE North 59 degrees 11 minutes 31 seconds East continuing with said right of way line, a distance of 175.00 feet to a CIRS;

THENCE South 30 degrees 48 minutes 29 seconds East leaving said right of way line, a distance of 298.59 feet to a CIRS;

THENCE North 56 degrees 53 minutes 52 seconds East, a distance of 335.62 feet to a CIRS, being in the south line of said Forester Herschel V. Tr. Tract, and the north line of said Belzle tract;

THENCE North 88 degrees 23 minutes 09 seconds East, a distance of 48.26 feet to a ½" iron rod found, being the northwest corner of Garland ISD Tract "B", recorded in Volume 72098, Page 2020, D.R.D.C.T. and the northeast corner of said Belzle tract;

THENCE South 00 degrees 58 minutes 40 seconds East with the common line of said Garland ISD tract, a distance of 560.15 feet to a ½" iron rod found, being the northwest corner of Lynn M. Djahangiri, recorded in Volume 97109, Page 1470, D.R.D.C.T.;

THENCE South 88 degrees 25 minutes 34 seconds West, a distance of 341.50 feet to a 1/2" iron rod found;

THENCE South 03 degrees 09 minutes 35 seconds West, a distance of 283.80 feet to a point for corner in creek;

#### ATTACHMENT II TO UCC FINANCING STATEMENT REGARDING ASSETS

## (Page 2 of 2)

THENCE northerly with said creek as follows:

North 25 degrees 49 minutes 51 seconds West, a distance of 65.74 feet to a point for corner;

North 60 degrees 25 minutes 36 seconds West, a distance of 109.46 feet to a point for corner; North 29 degrees 14 minutes 54 seconds West, a distance of 77.30 feet to a point for corner;

South 80 degrees 29 minutes 31 seconds West, a distance of 48.16 feet to a point for corner;

North 73 degrees 47 minutes 53 seconds West, a distance of 158.62 feet to a point for corner;

North 39 degrees 42 minutes 55 seconds West, a distance of 147.62 feet to a point for corner;

North 02 degrees 23 minutes 42 seconds West, a distance of 91.48 feet to a point for a corner, the intersection of said creek and the south line of the aforesaid Lot 1A;

THENCE North 89 degrees 11 minutes 56 seconds East, with said south line a distance of 77.81 feet to a CIRS, being the southeast corner of said Lot 1A;

THENCE northerly with the east line of said Lot 1A as follows:

North 00 degrees 45 minutes 25 seconds West, a distance of 241.94 feet to a 3/8" iron rod found;

North 28 degrees 39 minutes 37 seconds West, a distance of 61.04 feet to a point for corner;

North 00 degrees 33 minutes 06 seconds West, a distance of 44.75 feet to the POINT OF BEGINNING containing 10.275 acres (447,560 square feet) of land more or less.

#### ATTACHMENT II TO UCC FINANCING STATEMENT REGARDING ASSETS

UCC FINANCING STATEMENT FOLLOW INSTRUCTIONS					
A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)					
B. E-MAIL CONTACT AT SUBMITTER (optional)					
C. SEND ACKNOWLEDGMENT TO: (Name and Address)					
<sup>I</sup> International Bank of Commerce 1600 Ruben Torres Sr Blvd	1				
Brownsville, Texas 78526					
SEE BELOW FOR SECURED PARTY CONTACT I	NFORMATION				
1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use		Construction of the International Constructional Constructiona Constructiona	CONTRACTOR OF THE PARTY OF THE	DR FILING OFFICE me); if any part of the Inc	
not fit in line 1b, leave all of item 1 blank, check here	and provide the Individual Debtor inform				
Savannah at Lakeview, LP					
16. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAI	ΛE	ADDITIC	NAL NAME(S)/INITIAL	S) SUFFIX
1c. Mailing address 16812 Dallas Parkway	Dallas		STATE TX	POSTAL CODE	
2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use		abbreviate any part o		1	
not fit in line 2b, leave all of item 2 blank, check here	and provide the Individual Debtor inform				
Savannah at Lakeview GP, LLC	, ,				
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAM	ЛЕ	ADDITIC	NAL NAME(S)/INITIAL(	S) SUFFIX
2c. MAILING ADDRESS	CITY		STATE	POSTAL, CODE	COUNTRY
16812 Dallas Parkway	Dallas	NAME AND	TX	75248	USA
3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGN 3a. ORGANIZATION'S NAME	OR SECURED PARTY): Provide only	one Secured Party na	me (3a or 3b)		
International Bank of Commerce			1		
35. INDIVIDUALS SURNAME	FIRST PERSONAL NAM	AE.	ADDITIO	NAL NAME(S)/INITIAL(	S) SUFFIX
3c. MAILING ADDRESS 1600 Ruben Torres Sr Blvd	Brownsville		STATE TX	POSTAL CODE	
4. COLLATERAL: This financing statement covers the following collatera	A REAL PROPERTY AND A REAL PROPERTY A REAL PRO			10020	
That certain Collateral described on	Addondum Lto LIC		na Stata	mont for To	v Cradita
Capital Contributions, Operating Res					
incorporated herein for all purposes.			-,		
5. Check <u>only</u> if applicable and check <u>only</u> one box. Collateral is hele Sa. Check <u>only</u> if applicable and check only one box.	l in a Trust (see UCC1Ad, item 17 and	and the second comparison as the second second	CONTRACTOR OF COMPANY	ed by a Decedent's Per	WINDOW AND A REAL PROPERTY AND ADDRESS OF THE OWNER
Public-Finance Transaction     Manufactured-Home Trans	action A Debtor is a Trans		Personal and	applicable and check <u>c</u> ural Lien Non	-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable):	Consignee/Consignor	Seller/Buyer	Ba	ilee/Bailor	Licensee/Licensor
8. OPTIONAL FILER REFERENCE DATA:			reading to the second		

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FILING OFFICE COPY --- UCC FINANCING STATEMENT (Form UCC1) (Rev. 07/01/23)

## ADDENDUM I TO UCC-1 FINANCING STATEMENT TAX CREDITS, CAPITAL CONTRIBUTIONS, OPERATING RESERVE, PARTNERSHIP INTERESTS

That certain Collateral described as follows:

(a) the Partnership Agreement (defined in that certain Collateral Assignment of Rights to Tax Credits, Capital Contributions, Operating Reserve and Partnership Interests dated as of December 22, 2017, as amended, executed by Debtor for the benefit of Secured Party (the "Collateral Assignment")) and all documents executed pursuant thereto, including, without limitation, all benefits and rights to enforce the obligations of \_\_\_\_\_\_ ("Investor Limited Partner") to Debtor pursuant to and under the Partnership Agreement;

pursuant to and under the Partnership Agreement;

(b) all rights of Debtor to receive the capital contributions and any other payments to be paid by Investor Limited Partner for the Investor Limited Partner's interest in Savannah at Lakeview, LP, a Texas limited partnership ("Borrower") pursuant to and under the Partnership Agreement;

(c) all security, promissory notes and other instruments, if any, given or to be given by Investor Limited Partner to Borrower pursuant to the Partnership Agreement to secure and/or fulfill Investor Limited Partner's obligations under the Partnership Agreement;

(d) all Tax Credits (defined in the Collateral Assignment) and all allocations, reservations, carryover allocations, and commitments of Tax Credits to the extent that the same may legally be assigned following foreclosure or delivery of a deed in lieu thereof;

(e) all of the partnership interests in the Borrower held by Savannah at Lakeview GP, LLC, a Texas limited liability company (the "General Partner"), all rights of General Partner as partner of Borrower, and the proceeds and products thereof, including, without limitation, the General Partner's right to vote on partnership matters, and all distribution fees, returns of capital, distributions, share of profits, tax credits, income, surplus, repayment of loans or advances and other property rights and interests that General Partner may at any time be entitled at any time to receive on account of such interests;

(f) all payments due, paid or to be paid to Borrower or General Partner or any of General Partner's affiliates, as fees (other than developer fees that have been fully earned), returns of capital, distributions, share of profits, tax credits, other tax benefits, income, surplus, repayment of loans or advances or for any other purpose;

(g) all moneys held by or on behalf of Borrower with respect to the Property (defined in the Collateral Assignment), including, without limitation, construction funds, operating funds and reserve funds, and the operating reserve for the Property required to be maintained pursuant to the terms of the Partnership Agreement;

(h) all accounts, deposit accounts, accounts receivable, chattel paper, instruments, documents, general intangibles or rights to payment with respect to any of the foregoing; and

(i) all proceeds, replacements and renewals of any of the foregoing, including all securities, guaranties, warranties, indemnity agreements, insurance policies and other agreements pertaining to the same or the property described therein, together with whatever is receivable or received when any of the foregoing is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including, without limitation, all rights to payment with respect to any cause of action affecting or relating to any of the foregoing.

# UNANIMOUS CONSENT OF THE PARTNERS OF RISE RESIDENTIAL CONSTRUCTION, LP, A TEXAS LIMITED PARTNERSHIP February , 2024

The undersigned, constituting all of the Partners of RISE RESIDENTIAL CONSTRUCTION, LP, a Texas limited partnership (the "Partnership"), do hereby adopt the following resolutions by unanimous written consent, said consent to have the same effect as if the resolutions had been adopted at a meeting duly called and held:

WHEREAS, RISE RESIDENTIAL CONSTRUCTION GP, INC., a Texas corporation, is the General Partner of the Partnership;

WHEREAS, Savannah at Lakeview, LP, a Texas limited partnership (the "Borrower"), has requested a loan from the International Bank of Commerce (the "Bank") in the original principal amount of \$3,500,000.00 (the "Loan") to be secured by certain personal property of the Partnership, including without limitation, all right, title and interest of the Partnership in the litigation proceeds arising from the case styled (i) Savannah at Lakeview, LP and Rise Residential Construction, LP v. certain Underwriters at Lloyd's London Subscribing to Certificate No. AMR-61796, et.al., Cause No. DC-22-17007 in the 134th Judicial District of Dallas County, Texas, filed December 9, 2022, and (ii) Savannah Lakeview, LP and Rise Residential Construction, LP v. Oncor Electric Delivery Company LLC, et.al.; Cause No. DC-22-16947, in the 68th Judicial District of Dallas County, Texas, also filed December 9, 2022 (collectively, the "Partnership Collateral"), along with other collateral pledged by the Borrower and other parties.

WHEREAS, the Partnership will pledge the Partnership Collateral to secure the Loan.

NOW, THEREFORE, BE IT RESOLVED, that RISE RESIDENTIAL CONSTRUCTION GP, INC., the General Partner of the Partnership, acting by and through its President, Melissa Renee Fisher, is authorized to execute on the Partnership's behalf and deliver to the Bank: security agreements and other collateral assignment(s) covering the Partnership Collateral to secure the Loan and any and all other documents required by the Bank in connection with and to secure the Loan (collectively, the "Loan Documents").

FURTHER RESOLVED, that the terms and conditions of the Loan Documents have been negotiated by the Partnership; that all necessary consents of all of the partners, and other interested parties have been obtained; that all resolutions necessary to effectuate the Loan Documents have been duly approved, adopted, ratified and confirmed by the Partnership; and that the execution of such documents by RISE RESIDENTIAL CONSTRUCTION GP, INC., as General Partner, shall evidence the absolute intention to bind the Partnership as Borrower to the terms thereof.

FURTHER RESOLVED, that the execution of the Loan Documents is not prohibited or in any manner restricted by the terms of any contract or agreement pursuant to which the Partnership is bound or to which Partnership is a party.

FURTHER RESOLVED, that the foregoing resolutions shall continue in full force and effect and the signature of RISE RESIDENTIAL CONSTRUCTION GP, INC., acting by and through its President, Melissa Renee Fisher, shall be conclusive evidence of its authority to act on

UNANIMOUS CONSENT OF PARTNERS OF RISE RESIDENTIAL CONSTRUCTION, LP Page 1 of 3

behalf and in the name of the Partnership as provided herein until written notice to the contrary is duly served upon and received by the Bank.

FURTHER RESOLVED, that the Bank shall be entitled to rely upon these resolutions and all reliance by the Bank upon the actions of the Partnership and the actions of RISE RESIDENTIAL CONSTRUCTION GP, INC. shall be justified.

The undersigned partners represent and warrant that they are the only partners of the Partnership, and own 100% of all of the partnership interests in the Partnership.

The Partnership and each of the undersigned represent and warrant that they are materially benefitted by the consummation of the Loan.

This instrument may be executed in several original counterparts, all of which are identical. Each of the executed counterparts hereof shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument, and facsimile, PDF/Document Imaging or other electronic signatures shall be just as binding as originals.

[Signature page follows]

## UNANIMOUS CONSENT OF PARTNERS OF RISE RESIDENTIAL CONSTRUCTION, LP Page 2 of 3

## **GENERAL PARTNER:**

Rise Residential Construction GP, Inc., a Texas corporation

By: \_\_\_\_

Melissa Renee Fisher, President

# **LIMITED PARTNERS:**

Melissa Renee Fisher

Dewey Gordon Stevens, Jr.

James Richard Fisher, III

UNANIMOUS CONSENT OF PARTNERS OF RISE RESIDENTIAL CONSTRUCTION, LP Page 3 of 3