

## MEMORANDUM

TO: Rowlett Housing Finance Corporation Board of Directors (the “*Board*”)

FROM: Peter Urrutia, Executive Director  
Ryan Bowen, Chapman and Cutler LLP (“*Chapman*”)  
Tim Nelson, Hilltop Securities, Inc. (“*Hilltop*”)

DATE: March 28, 2024

RE: \$3,500,000 Loan from IBC to Savannah at Lakeview, LP

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The Rowlett HFC is the sole member of Savannah at Lakeview GP, LLC, the general partner (the “*General Partner*”) of Savannah at Lakeview, LP (the “*Partnership*”). The Board, as sole member of the General Partner, is asked to consider and approve a resolution (the “*March 28 Resolution*”) to authorize the Partnership to obtain an additional loan of approximately \$3,500,000 from the International Bank of Commerce (“*IBC*”) to partially finance costs related to restoration of fire damage at the “*Lakeview Pointe Senior Living*” multifamily development (the “*Development*”), and to authorize the Partnership and/or General Partner to execute and deliver certain documents in connection with the Partnership’s receipt of the loan.

Construction of the Development was originally financed in part with the proceeds of the sale of the Rowlett Housing Finance Corporation Multifamily Revenue Note (Savannah at Lakeview Senior Living) Series 2017 (the “*Bonds*”) to IBC (in such capacity, the “*Bondholder*”), and partial restoration of the Development following the fire damage was financed with the proceeds of a 2023 loan from IBC in the amount of \$3,446,491 (the “*2023 Loan*”).

Per the representatives of Rise Residential Construction, LP (the “*Contractor*”) and Rise Residential Development, LP (the “*Developer*,” and collectively with the Contractor, “*Rise*”), the Partnership expects to receive proceeds from the settlement of litigation against the utility companies involved in the work that led to the fire and damage to the Development (the “*Litigation Proceeds*”). 42EP IBC Fund II, LP, as Investor Limited Partner in the Partnership, is scheduled to make periodic capital contributions to the Partnership based on the Development’s receipt of low income housing tax credits (the “*Capital Contributions*”).

IBC intends to provide an additional loan in the amount of \$3,500,000, as requested by the Partnership to complete the restoration of the fire damaged property (the “*2024 Loan*”), which loan would be secured by the Litigation Proceeds and a pledge from the Partnership to repay the 2024 Loan ahead of the 2023 Loan from any available Capital Contributions to the Partnership.

During its February 29, 2024 meeting, the Board discussed its expectations for securing the 2024 Loan, including the condition that the 2024 Loan must not be secured by the land on which the Development is located. With this instruction, Chapman, as counsel, and Hilltop, as financial advisors to the Rowlett HFC, negotiated revisions to the loan documents. IBC’s counsel distributed documents (that have been provided to the Board in connection with its consideration

of the March 28 Resolution), which are consistent with Chapman’s understanding of the parameters the Board discussed. Specifically:

- Any references to a real estate lien, deed of trust, or other references that would indicate the loan is secured by real property in the documents have been removed.
- The description of “collateral” in the loan documents has been limited to that certain personal property pledged by Rise, which along with Melissa Fisher in an individual capacity, are guarantors of the 2024 Loan, and the Partnership.
- The real property and the improvements associated with the Development are no longer described as collateral.

Additionally, Chapman recommended changes to the loan documents to clarify the priority of the loans (such that the Bond loan remains a first priority loan, and the 2023 Loan and 2024 Loan are subordinate) and to clarify that the Bondholder has consented to the additional indebtedness for the Development, as required under the Bond documents. Those changes have been incorporated into the loan documents.

If you have any questions regarding the March 28 Resolution and related documents, Peter Urrutia (Executive Director) Ryan Bowen (Chapman), Tim Nelson (Hilltop) and Rise will be available prior to and at the meeting to discuss.

# SAVANNAH AT LAKEVIEW, LP

## PARTNERSHIP RESOLUTION

March 28, 2024

SAVANNAH AT LAKEVIEW GP, LLC, a Texas limited liability company (the “*General Partner*”), the sole general partner of SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership, formerly known as TX Lakeview Seniors, LP (the “*Partnership*”) hereby adopts the following resolution (the “*Resolution*”):

1. IBC LOAN

WHEREAS, the General Partner is the sole general partner of the Partnership; and

WHEREAS, the Rowlett Housing Finance Corporation, a public nonprofit housing finance corporation (the “*Member*”), is the sole member of the General Partner; and

WHEREAS, Jeff Winget, an individual, is the President of the Member and of the General Partner (the “*President*”); and

WHEREAS, in order to partially finance costs related to fire damage of the multifamily senior living project located in Rowlett, Texas, known as “Lakeview Pointe Senior Living” (the “*Apartment Complex*”), the Partnership is obtaining a loan from the International Bank of Commerce, a Texas state banking corporation, in the approximate principal amount of \$3,500,000.00 (the “*IBC Loan*”); and

WHEREAS, in conjunction with the IBC Loan, the Partnership and/or the General Partner will execute and/or accept delivery of certain documents, including but not limited to a Promissory Note, First Amendment to Construction Loan Agreement, a Security Agreement – Property, a Security Agreement – Litigation Proceeds and such other documents and instruments in connection with the IBC Loan as may be necessary or desirable (collectively, the “*IBC Loan Documents*”);

RESOLVED, that (a) the Partnership is authorized to (i) obtain the IBC Loan and (ii) execute and deliver the IBC Loan Documents; (b) the General Partner, individually and as the general partner of the Partnership, is authorized to execute and deliver the IBC Loan Documents; and (c) the President (or any other officer of the General Partner), is individually authorized, each acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, as applicable, to (i) execute and deliver the IBC Loan Documents and (ii) do all things necessary or desirable for the Partnership to obtain the IBC Loan.

FURTHER RESOLVED, that the actions of the President (or any other officer of the General Partner), each acting on behalf of the General Partner, acting on its own behalf or as the general partner of the Partnership, as applicable, pursuant to these resolutions shall be binding on the General Partner and the Partnership, as applicable, when any such document is executed by such

person, without the necessity of any attest of such signature by any other person and without the placement of a corporate seal upon any such document.

4. AUTHORIZATION AND RATIFICATION.

RESOLVED, that the President (or in his absence any other officer of the General Partner), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents required under the IBC Loan Documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of the General Partner and the Partnership as such person shall deem to be necessary, desirable or appropriate in order to effect the purposes of the foregoing resolutions; and

RESOLVED, that any and all action taken by the President (or any other officer of the General Partner), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects; and

FURTHER RESOLVED, that this Resolution supersedes the Partnership Resolution dated as of February 14, 2024, and for the avoidance of doubt, the Partnership Resolution dated as of April 12, 2023 has not been repealed and remains in full force and effect.

[Remainder of Page Intentionally Left Blank]

PASSED AND APPROVED this 28th day of March, 2024.

SAVANNAH AT LAKEVIEW GP, LLC,  
a Texas limited liability company

By \_\_\_\_\_  
Jeff Winget  
President

**Party and Property Information:**

**Borrower:** Savannah at Lakeview, LP

**Guarantors:** Melissa Renee Fisher  
Rise Residential Construction, LP  
Rise Residential Development, LLC

**Property Location:** Dallas County, Texas

**LOAN DOCUMENTS**

	<b>Document</b>	<b>Platform or Word Document</b>	<b>Exhibits / Attachments</b>	<b>Notes</b>
1.	Affidavit – Jeff Winget	<b>W</b>		
2.	Assignment of Litigation Proceeds – Rise – Oncor	<b>W</b>		<b>Revised 3/19/2024</b>
3.	Assignment of Litigation Proceeds – Savannah at Lakeview – Oncor	<b>W</b>		<b>Revised 3/19/2024</b>
4.	Beneficial Owner Form	<b>P</b>		
5.	Business Consumer Waiver	<b>P</b>		<b>Revised 3/19/2024</b>
6.	Closing Certificate	<b>W</b>		<b>Revised 3/19/2024</b>
7.	Corporate Resolution – Rise	<b>W</b>	Corporate Documents	
8.	Errors and Omissions	<b>P</b>		<b>Revised 3/19/2024</b>
9.	First Amendment to Construction Loan Agreement	<b>W</b>		<b>Revised 3/19/2024</b>
10.	Guaranty Agreement – Melissa Fisher	<b>P</b>		
11.	Guaranty Agreement – Rise Residential Construction	<b>P</b>		
12.	Guaranty Agreement – Rise Residential Development	<b>P</b>		
13.	LLC Resolution – Rise Residential Development	<b>P</b>	Corporate Documents	
14.	Notice of No Oral Agreements	<b>P</b>		<b>Revised 3/19/2024</b>
15.	Promissory Note	<b>P</b>		<b>Revised 3/19/2024</b>
16.	Security Agreement – Insurance Litigation – Rise – Oncor	<b>P</b>		<b>Revised 3/19/2024</b>

	<b>Document</b>	<b>Platform or Word Document</b>	<b>Exhibits / Attachments</b>	<b>Notes</b>
17.	Security Agreement – Insurance Litigation – Savannah – Oncor	<b>P</b>		<b>Revised 3/19/2024</b>
18.	Security Agreement – Property	<b>P</b>	Schedule I Exhibit A - property	<b>Revised 3/19/2024</b> <b>Schedule I also revised</b>
19.	Security Agreement – Rise Residential Construction – All Assets to Property	<b>P</b>	Attachment I – assets Attachment II - property	<b>Revised 3/19/2024</b>
20.	Security Agreement – Rise Residential Development – All Assets to Property	<b>P</b>	Attachment I – assets Attachment II - property	<b>Revised 3/19/2024</b>
21.	UCC – Insurance Litigation – Rise – Oncor	<b>P</b>		
22.	UCC – Insurance Litigation – Savannah – Oncor	<b>P</b>		
23.	UCC – Property	<b>P</b>	Schedule I Exhibit A - property	<b>Revised 3/19/2024</b> <b>Schedule I also revised</b>
24.	UCC – Rise Residential Construction – All Assets to Property	<b>P</b>	Attachment I – assets Attachment II - property	<b>Revised 3/19/2024</b>
25.	UCC – Rise Residential Development – All Assets to Property	<b>P</b>	Attachment I – assets Attachment II - property	<b>Revised 3/19/2024</b>
26.	Unanimous Consent of Partners – Rise	<b>W</b>		

-End-

**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."

Further Affiant sayeth not.

\_\_\_\_\_  
JEFF WINGET

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

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



## ASSIGNMENT OF LITIGATION PROCEEDS

This Assignment of Litigation Proceeds (this "**Agreement**") dated as of March \_\_\_\_\_, 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 to in 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 certain personal property pledged by Borrower, Pledgor, and the other guarantor of the Loan, 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.

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 with respect to the Loan 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.

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]



**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

This Assignment of Litigation Proceeds (this "**Agreement**") dated as of March \_\_\_\_\_, 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 to in 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 certain personal property pledged by Borrower and the guarantors of the Loan, 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 Rise Residential Construction, LP, a Texas limited partnership, 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 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, Borrower and Lender agree that for value received, the receipt and sufficiency of which is hereby acknowledged, Borrower hereby agrees:

1. **Assignment.** Borrower hereby assigns to Lender all rights, title, and interest in any proceeds, damages, money, settlements, and/or judgments awarded to Borrower arising from or in relation to Borrower'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.

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 with respect to the Loan 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.

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]



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: \_\_\_\_\_

**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: \_\_\_\_\_

**CERTIFICATION OF BENEFICIAL OWNER(S)**



**International Bank of Commerce**

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

**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 each 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)	<i>For U.S. Persons:</i> Social Security Number	<i>For Non-U.S. Persons:</i> Social Security Number, Passport Number and Country of Issuance, or other similar identification number <sup>i</sup>
Not Applicable				

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

Folder:  
Account:1080037217  
Date:2/9/2024  
Time:1:33 PM  
CSR:Lee Reed Branch:195  
Phone:(956) 547-1000

d. The following information for one 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 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>
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>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

Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	3/ /2024	5/ /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, 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 March \_\_, 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 any of the undersigned are an officer and/or principal, which is involved in such transaction, specifically waive any and 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 et seq., 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 March, 2024.

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

**BORROWER:**

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

**PLEDGOR(S)/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

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

**SECURED PARTY:**

**International Bank of Commerce**

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

# 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. Resolutions. 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. Incumbency. 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.

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

3. Good Standing. 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. Articles and Bylaws. 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 March 2024.

\_\_\_\_\_  
Melissa Renee Fisher  
Sole Director and President

## 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.

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Melissa Renee Fisher, Sole Director and  
President



**SCHEDULE II**  
**Articles of Incorporation**

**SCHEDULE III**  
**ByLaws**

## CLOSING CERTIFICATE

March\_\_\_\_, 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 certain personal property pledged by Borrower and the guarantors of the Loan (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.

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

[Signature page follows]

**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

# ERRORS AND OMISSIONS/COMPLIANCE AGREEMENT



International Bank of Commerce

Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	3/___/2024	5/___/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 March\_\_\_, 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):**

### **BORROWER:**

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

### **PLEDGOR(S)/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

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

**SECURED PARTY:**

**International Bank of Commerce**

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

**FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT**

March \_\_\_\_\_, 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").



## 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. Amendments to the Loan Agreement.

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"),

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 (\$3,446,491.00) and a loan dated March \_\_\_\_\_, 2024 in the principal sum of THREE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,500,000.00).

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.

E. Section 1.51 is amended by deleting this section and inserting the following Section 1.51 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 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 Note

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

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

1.52(a) Note - 2023

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.

G. Article 1 is hereby amended by adding Section 1.72 thereto which shall provide as follows:

1.72 Tax Credit Capital Contributions.

The term "Tax Credit Capital Contributions" shall have the same meaning given to the term "Capital Contribution" in the Partnership Agreement.

H. 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 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.

I. Article 9 is amended by adding Sections 9.23, 9.24, 9.25, and 9.26 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 Litigation Proceeds.

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. Lender, as "Servicer" (as defined in the Construction Disbursement Agreement and the Funding Loan Agreement) and as "Initial Funding Lender" (as defined in the Construction Disbursement Agreement and the Funding Loan Agreement) with respect to the Prior Loans, waives any provisions regarding the use of "Net Proceeds" (as defined in the Funding Loan Agreement) in the Prior Loan Documents to the extent that any such provision conflicts with the provisions in the Loan Instruments and consents to the use of the proceeds from settlement of the Litigation as set forth in this Section 9.24.

9.25 Capital Contributions.

Borrower covenants and agrees that any and all Tax Credit Capital Contributions shall be used first to pay down the Loan – 2024 until the Note – 2024 is paid in full. Lender, as Servicer and as Initial Funding Lender with respect to the Prior Loans, waives any provisions regarding the use of Tax Credit Capital Contributions in the Prior Loan Documents to the extent that any such provision conflicts with the provisions in the Loan Instruments and consents to the use of Tax Credit Capital Contributions as set forth in this Section 9.25.

9.26 Servicer/Initial Funding Lender Consent.

With respect to the Prior Loans, Lender, as Servicer and as Initial Funding Lender, consents to the Loan and the Loan Instruments.

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

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

[Signature pages follow]

**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

**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



**LENDER:**

International Bank of Commerce,  
a Texas state banking corporation

By: \_\_\_\_\_  
Lee Reed, President

# GUARANTY AGREEMENT



International Bank of Commerce

Date	Officer	Initial
3/ /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. Guarantee. 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. Guaranteed Indebtedness. 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. 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 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 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, 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 the Governing State if the Governing State is not Texas);

(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 among 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, (vi) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments securing the repayment 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 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, 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 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;

(l) 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 GUARANTY AGREEMENT. HOWEVER, NO SUCH NOTICE SHALL LIMIT 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 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 ITEMS IN TRANSIT OR FROM CURRENCY DEVALUATIONS ARISING AFTER RECEIPT OF SUCH 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 death of any Guarantors hereunder, the obligation of the deceased Guarantor shall continue in full force and effect against his/her estate as to all Guaranteed Indebtedness which shall have been created or incurred by the Borrower prior to the time when the Lender shall have received notice in writing of such death, and this Guaranty shall from the date of such death, as to all Guaranteed Indebtedness created, incurred or arising after such death remain and continue in full force as a guaranty by the

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 general 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 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(o)(5) or 3(o)(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(o)(5) or 3(o)(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 agrees 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. **Compliance with Usury Laws.** 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](mailto: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](http://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) **“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**, 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) **“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**.

(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

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 \$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](http://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 be 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** 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.
- (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.

- (l) 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. **Waiver of Statutory Provisions.** 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. **Multiple Guarantees.** 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 unexpired guaranties.

9. **Guarantors' Authorization To Lender.** 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 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 delay with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments 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 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 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 42.0022 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 aforescribed 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 Section 13 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 March, 2024.

**GUARANTOR(S):**

\_\_\_\_\_  
Name: Melissa Renee Fisher, Individually

Address: 16812 Dallas Parkway  
Dallas, Texas 75248

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. \_\_\_\_\_

# GUARANTY AGREEMENT



International Bank of Commerce

Date	Officer	Initial
3/ /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. Guarantee. 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. Guaranteed Indebtedness. 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. 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 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 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, 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 the Governing State if the Governing State is not Texas);

(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 among 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, (vi) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments securing the repayment 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 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, 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 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;

(l) 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 GUARANTY AGREEMENT. HOWEVER, NO SUCH NOTICE SHALL LIMIT 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 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 ITEMS IN TRANSIT OR FROM CURRENCY DEVALUATIONS ARISING AFTER RECEIPT OF SUCH 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 death of any Guarantors hereunder, the obligation of the deceased Guarantor shall continue in full force and effect against his/her estate as to all Guaranteed Indebtedness which shall have been created or incurred by the Borrower prior to the time when the Lender shall have received notice in writing of such death, and this Guaranty shall from the date of such death, as to all Guaranteed Indebtedness created, incurred or arising after such death remain and continue in full force as a guaranty by the

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 general 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 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(o)(5) or 3(o)(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(o)(5) or 3(o)(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 agrees 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. **Compliance with Usury Laws.** 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](mailto: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](http://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) **“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**, 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) **“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**.

(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

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 \$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](http://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 be 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** 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.
- (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.

- (l) 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. **Waiver of Statutory Provisions.** 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. **Multiple Guarantees.** 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 unexpired guaranties.

9. **Guarantors' Authorization To Lender.** 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 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 delay with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments 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 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 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 42.0022 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 aforescribed 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 Section 13 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 March, 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

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. \_\_\_\_\_

# GUARANTY AGREEMENT



International Bank of Commerce

Date	Officer	Initial
3/ /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. Guarantee. 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. Guaranteed Indebtedness. 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. 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 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 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, 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 the Governing State if the Governing State is not Texas);

(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 among 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, (vi) the transfer by the Borrower of all or any portion of the real or personal property described in the Security Instruments securing the repayment 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 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, 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 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;

(l) 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 GUARANTY AGREEMENT. HOWEVER, NO SUCH NOTICE SHALL LIMIT 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 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 ITEMS IN TRANSIT OR FROM CURRENCY DEVALUATIONS ARISING AFTER RECEIPT OF SUCH 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 death of any Guarantors hereunder, the obligation of the deceased Guarantor shall continue in full force and effect against his/her estate as to all Guaranteed Indebtedness which shall have been created or incurred by the Borrower prior to the time when the Lender shall have received notice in writing of such death, and this Guaranty shall from the date of such death, as to all Guaranteed Indebtedness created, incurred or arising after such death remain and continue in full force as a guaranty by the

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 general 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 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(o)(5) or 3(o)(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(o)(5) or 3(o)(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 agrees 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. **Compliance with Usury Laws.** 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](mailto: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](http://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) **“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**, 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) **“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**.

(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

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 \$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](http://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 be 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** 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.
- (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.

- (l) 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. **Waiver of Statutory Provisions.** 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. **Multiple Guarantees.** 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 unexpired guaranties.

9. **Guarantors' Authorization To Lender.** 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 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 delay with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments 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 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 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 42.0022 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 aforescribed 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 Section 13 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 March, 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

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. \_\_\_\_\_



(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 member-managed and has no managers.~~

<u>TITLE</u>	<u>TYPED NAME</u>	<u>SIGNATURE</u>
Manager	Melissa Renee Fisher	_____
_____	_____	_____

**CERTIFICATION AS TO OFFICERS**

Sole Manager

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

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

<u>TITLE</u>	<u>TYPED NAME</u>	<u>SIGNATURE</u>
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. \_\_\_\_\_

**SCHEDULE I**  
**LLC Articles of Organization/Certificate of Formation**

**SCHEDULE II**  
**LLC Regulations/Operating Agreement/Company Agreement**



# NOTICE OF NO ORAL AGREEMENTS



Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	3/ /2024	5/ /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: March \_\_, 2024

Loan Number or Other Reference Number: 1080037217

Description of Promissory Note:

- (1) Amount of Note: \$3,500,000.00
- (2) Date of Note: March \_\_, 2024

If this transaction does not involve a promissory note:

(1) Name of significant document(s):

- Guaranty
- Security Agreement
- Pledge
- Deed of Trust
- Application
- Other \_\_\_\_\_

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

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

**BORROWER:**

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

**PLEDGOR(S)/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

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

**SECURED PARTY:**

**International Bank of Commerce**

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

# PROMISSORY NOTE



International Bank of Commerce

Principal	Loan Date	Maturity	Loan Number	Officer	Initial
\$3,500,000.00	3/ /2024	5/ /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 ~~0.00% per annum above~~ 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 all accrued 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 to secure 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 THE GUARANTORS OF THIS NOTE, AS DESCRIBED IN CERTAIN SECURITY AGREEMENTS AND ASSIGNMENTS EXECUTED BY BORROWER AND THE GUARANTORS OF THIS NOTE IN CONNECTION HEREWITH.

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 deemed interest by law shall be limited to the maximum nonusurious amount permitted by applicable federal or state law. This 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 April _____, 2024
1	Final	Principal balance plus accrued and unpaid interest	At Final Maturity

**FINAL MATURITY DATE:** May \_\_\_\_, 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 assuming 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~~

~~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 any 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
- (l) 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 late charges 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 HEREOF, 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.

SAVE AND EXCEPT any real estate previously pledged by Borrower to Lender

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 to 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

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 1359, Laredo, Texas 78042-1359 within thirty (30) days following the occurrence of the event requiring the winding up of Borrower, (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 in the State of Texas], such extinguishment shall have no effect 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 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, (iii) application of insurance or condemnation proceeds to discharge all or any portion of the outstanding principal 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 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 connection with or 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

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) **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](mailto: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](http://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) **"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 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) **"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**.
- (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.
- (g) **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**



**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 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 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](http://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 be 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** 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.
- (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.

- (l) 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



International Bank of Commerce

Date	Reference Number	Officer	Initial
3/___/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 Torres 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.

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 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"):

- |   |   |
|---|---|
| <input type="checkbox"/> Consumer Goods           | <input type="checkbox"/> Farm Products                                    |
| <input type="checkbox"/> Equipment (business use) | <input checked="" type="checkbox"/> General Intangibles                   |
| <input type="checkbox"/> Equipment (farm use)     | <input type="checkbox"/> Inventory  |
| <input type="checkbox"/> Investment Property      | <input type="checkbox"/> Chattel Paper                                    |
| <input checked="" type="checkbox"/> Instruments   | <input type="checkbox"/> Letter-Of-Credit Rights                          |
| <input checked="" type="checkbox"/> Accounts      | <input type="checkbox"/> Supporting Obligations                           |
| <input type="checkbox"/> Deposit Accounts         | <input type="checkbox"/> Liens on Government Assets                       |
| <input type="checkbox"/> Commercial Tort Claims   | <input type="checkbox"/> Sales of Payment Intangibles or Promissory Notes |
| <input type="checkbox"/> 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.
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 \_\_\_\_ day of March 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;
- B. 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.);
- D. any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations 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;
- 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 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 and/or arising, and regardless of how evidenced or arising;
- I. any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;
- J. 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, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- L. the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M. the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code);
- N. the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
- O. 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
- 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.

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.**

##### **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 THE PAYMENT 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
  - (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 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.
  - (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 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
  - (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 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.  
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 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 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) **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](mailto: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](http://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) **"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**, 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) **"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**.
- (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"** 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) **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 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 \$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](http://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 be 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** 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.
- (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.
- (l) 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.**

- (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 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 fees 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: March\_\_\_\_\_, 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

#### **SECURED PARTY:**

**International Bank of Commerce**

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

# SECURITY AGREEMENT



International Bank of Commerce

Date	Reference Number	Officer	Initial
3/___/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 Torres 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~~  ~~third~~ 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.

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 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"):

- |   |   |
|---|---|
| <input type="checkbox"/> Consumer Goods           | <input type="checkbox"/> Farm Products                                    |
| <input type="checkbox"/> Equipment (business use) | <input checked="" type="checkbox"/> General Intangibles                   |
| <input type="checkbox"/> Equipment (farm use)     | <input type="checkbox"/> Inventory  |
| <input type="checkbox"/> Investment Property      | <input type="checkbox"/> Chattel Paper                                    |
| <input checked="" type="checkbox"/> Instruments   | <input type="checkbox"/> Letter-Of-Credit Rights                          |
| <input checked="" type="checkbox"/> Accounts      | <input type="checkbox"/> Supporting Obligations                           |
| <input type="checkbox"/> Deposit Accounts         | <input type="checkbox"/> Liens on Government Assets                       |
| <input type="checkbox"/> Commercial Tort Claims   | <input type="checkbox"/> Sales of Payment Intangibles or Promissory Notes |
| <input type="checkbox"/> 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.
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 \_\_\_\_ day of March 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;
- B. 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.);
- D. any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations 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;
- 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 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 and/or arising, and regardless of how evidenced or arising;
- I. any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;
- J. 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, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- L. the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M. the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code);
- N. the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
- O. 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
- 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.

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.

##### 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:

Except as required by the Articles of Incorporation, as amended, of the sole member of the General Partner of Pledgor, no

- (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. Except for any financing statement listing Lender, Wilmington Trust, National Association or Rowlett Housing Finance Corporation as secured party, no
- (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 THE PAYMENT 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
  - (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 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.
  - (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 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
  - (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 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.

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 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 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) **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](mailto: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](http://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) **"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**, 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) **"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**.
- (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"** 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) **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 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 \$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](http://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 be 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** 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.
- (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.
- (l) 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.**

- (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 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 fees 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: March \_\_\_\_\_, 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 78248

#### **SECURED PARTY:**

**International Bank of Commerce**

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

# SECURITY AGREEMENT



Date	Reference Number	Officer	Initial
3/ /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~~  ~~third~~ 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 hereof, utilized in connection with, or located on, that certain real property described on Exhibit A, attached hereto and incorporated herein for all 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  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"):

- |  |   |
|--|---|
| <input type="checkbox"/> Consumer Goods                      | <input type="checkbox"/> Farm Products                                    |
| <input checked="" type="checkbox"/> Equipment (business use) | <input checked="" type="checkbox"/> General Intangibles                   |
| <input type="checkbox"/> Equipment (farm use)                | <input checked="" type="checkbox"/> Inventory                             |
| <input checked="" type="checkbox"/> Investment Property      | <input checked="" type="checkbox"/> Chattel Paper                         |
| <input checked="" type="checkbox"/> Instruments              | <input type="checkbox"/> Letter-Of-Credit Rights                          |
| <input checked="" type="checkbox"/> Accounts                 | <input type="checkbox"/> Supporting Obligations                           |
| <input checked="" type="checkbox"/> Deposit Accounts         | <input type="checkbox"/> Liens on Government Assets                       |
| <input type="checkbox"/> Commercial Tort Claims              | <input type="checkbox"/> Sales of Payment Intangibles or Promissory Notes |
| <input type="checkbox"/> 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.
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 March \_\_\_\_, 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;
- B. 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.);
- D. any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations 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;
- 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 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 and/or arising, and regardless of how evidenced or arising;
- I. any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;
- J. 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, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- L. the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M. the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code);
- N. the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
- O. 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
- 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.

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.

##### 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:

Except as required by the Articles of Incorporation, as amended, of the sole member of the General Partner of Pledgor, no

- (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. Except for any financing statement listing Lender, Wilmington Trust, National Association or Rowlett Housing Finance Corporation as secured party, no
- (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 THE PAYMENT 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

(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 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.
  - (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 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
  - (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

- 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.

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 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 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) **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](mailto: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](http://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) **"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, 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) **"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.
- (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" 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) **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 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 \$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](http://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 be 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** 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.
- (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.
- (l) 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.**

(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 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 fees 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: March\_\_\_\_, 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

## **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 syndication payments, fees, receivables and capital contributions in connection with and/or arising in or out of the Land, and any equipment, fixtures, furnishings, inventory and articles of personal property leased or owned by Pledgor now or hereafter attached to or used in or about the Land (collectively, the "Personal Property");
2. All proceeds (including premium refunds) of each policy of insurance relating to the Land or the Personal Property; and
3. All rights, interests, and appurtenances pertaining to the foregoing.

[End]

**EXHIBIT A**  
**(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  $\frac{3}{4}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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 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;

**EXHIBIT A**  
**(Page 2 of 2)**

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.

# SECURITY AGREEMENT



Date	Reference Number	Officer	Initial
3/ /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"):

- |  |   |
|--|---|
| <input type="checkbox"/> Consumer Goods                    | <input type="checkbox"/> Farm Products                                    |
| <input type="checkbox"/> Equipment (business use)          | <input checked="" type="checkbox"/> General Intangibles                   |
| <input checked="" type="checkbox"/> Equipment (farm use)   | <input checked="" type="checkbox"/> Inventory                             |
| <input checked="" type="checkbox"/> Investment Property    | <input checked="" type="checkbox"/> Chattel Paper                         |
| <input checked="" type="checkbox"/> Instruments            | <input checked="" type="checkbox"/> Letter-Of-Credit Rights               |
| <input checked="" type="checkbox"/> Accounts               | <input checked="" type="checkbox"/> Supporting Obligations                |
| <input checked="" type="checkbox"/> Deposit Accounts       | <input type="checkbox"/> Liens on Government Assets                       |
| <input checked="" type="checkbox"/> Commercial Tort Claims | <input type="checkbox"/> Sales of Payment Intangibles or Promissory Notes |
| <input type="checkbox"/> 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.
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 March \_\_\_\_, 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;
- B. 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.);
- D. any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations 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;
- 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 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 and/or arising, and regardless of how evidenced or arising;
- I. any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;
- J. 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, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- L. the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M. the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code);
- N. the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
- O. 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
- 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.

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.**

##### **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 THE PAYMENT 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

(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 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.
  - (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 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
  - (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

- 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.

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 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 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) **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](mailto: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](http://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) **"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, 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) **"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.
- (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" 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) **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 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 \$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](http://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 be 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** 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.
- (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.
- (l) 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.**

(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 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 fees 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: March \_\_\_\_, 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

**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 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 Definitions of Certain Terms Used Herein. 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, (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.

"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.

"Receivables" 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 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.

"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 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.

"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.

## 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;
- ( l ) 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 II  
TO  
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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  $\frac{3}{4}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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 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

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**(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.

# SECURITY AGREEMENT



Date	Reference Number	Officer	Initial
3/ /2024	1080037217	Lee Reed	

**Pledgor(s):** Rise Residential Development, LLC

**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"):

- |  |   |
|--|---|
| <input type="checkbox"/> Consumer Goods                    | <input type="checkbox"/> Farm Products                                    |
| <input type="checkbox"/> Equipment (business use)          | <input checked="" type="checkbox"/> General Intangibles                   |
| <input checked="" type="checkbox"/> Equipment (farm use)   | <input checked="" type="checkbox"/> Inventory                             |
| <input checked="" type="checkbox"/> Investment Property    | <input checked="" type="checkbox"/> Chattel Paper                         |
| <input checked="" type="checkbox"/> Instruments            | <input checked="" type="checkbox"/> Letter-Of-Credit Rights               |
| <input checked="" type="checkbox"/> Accounts               | <input checked="" type="checkbox"/> Supporting Obligations                |
| <input checked="" type="checkbox"/> Deposit Accounts       | <input type="checkbox"/> Liens on Government Assets                       |
| <input checked="" type="checkbox"/> Commercial Tort Claims | <input type="checkbox"/> Sales of Payment Intangibles or Promissory Notes |
| <input type="checkbox"/> 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.
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 March \_\_\_\_, 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;
- B. 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.);
- D. any and all expenses incurred in the protection or maintenance of the Collateral securing any of the liabilities, loans, and obligations 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;
- 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 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 and/or arising, and regardless of how evidenced or arising;
- I. any and all extensions, modifications, substitutions and/or renewals of any of the indebtedness described in this Section III;
- J. 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, and expenses of sale;
- K. the sale by Pledgor and/or Borrower and the purchase by Lender of Accounts (as defined in the Code);
- L. the sale by Pledgor and/or Borrower and the purchase by Lender of Chattel Paper (as defined in the Code);
- M. the sale by Pledgor and/or Borrower and the purchase by Lender of Payment Intangibles (as defined in the Code);
- N. the sale by Pledgor and/or Borrower and the purchase by Lender of Promissory Notes (as defined in the Code);
- O. 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
- 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.

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.**

##### **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 THE PAYMENT 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

(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 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.
  - (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 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
  - (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

- 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.

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 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 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) **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](mailto: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](http://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) **"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**, 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) **"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**.
- (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**" 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) **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 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 \$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](http://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 be 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** 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.
- (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.
- (l) 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.**

(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 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 fees 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: March \_\_\_\_, 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 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 Definitions of Certain Terms Used Herein. 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, (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.

"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.

"Receivables" 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 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.

"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 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.

"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.

## 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;
- ( l ) 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 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  $\frac{3}{4}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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 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.

**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  
1600 Ruben Torres Sr Blvd  
Brownsville, Texas 78526

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME  
Rise Residential Construction, LP

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS

16812 Dallas Parkway	CITY Dallas	STATE TX	POSTAL CODE 75248	COUNTRY USA
----------------------	----------------	-------------	----------------------	----------------

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's name will 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

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 SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME  
International Bank of Commerce

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS

1600 Ruben Torres Sr Blvd	CITY Brownsville	STATE TX	POSTAL CODE 78526	COUNTRY USA
---------------------------	---------------------	-------------	----------------------	----------------

4. COLLATERAL: This financing statement covers the following collateral:

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 Debtor'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.

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

1080037217

**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  
1600 Ruben Torres Sr Blvd  
Brownsville, Texas 78526

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1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME  
Savannah at Lakeview, LP

OR

1b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
16812 Dallas Parkway Dallas TX 75248 USA

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's name will 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

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 SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME  
International Bank of Commerce

OR

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 Brownsville TX 78526 USA

4. COLLATERAL: This financing statement covers the following collateral:

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 Debtor'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.

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

1080037217

**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  
1600 Ruben Torres Sr Blvd  
Brownsville, Texas 78526

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1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME  
Savannah at Lakeview, LP

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS

16812 Dallas Parkway	CITY Dallas	STATE TX	POSTAL CODE 75248	COUNTRY USA
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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's name will 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

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 SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME  
International Bank of Commerce

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS

1600 Ruben Torres Sr Blvd	CITY Brownsville	STATE TX	POSTAL CODE 78526	COUNTRY USA
---------------------------	---------------------	-------------	----------------------	----------------

4. COLLATERAL: This financing statement covers the following collateral:

That certain Collateral described on Schedule I, attached hereto and made a part hereof, utilized in connection with, or located on, that certain real property described on Exhibit A, attached hereto and incorporated herein for all purposes (the "Land").

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

1080037217



## **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 syndication payments, fees, receivables and capital contributions in connection with and/or arising in or out of the Land, and any equipment, fixtures, furnishings, inventory and articles of personal property leased or owned by Pledgor now or hereafter attached to or used in or about the Land (collectively, the "Personal Property");
  
2. All proceeds (including premium refunds) of each policy of insurance relating to the Land or the Personal Property; and
  
3. All rights, interests, and appurtenances pertaining to the foregoing.

[End]

**EXHIBIT A**  
**(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  $\frac{3}{4}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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;

**EXHIBIT A**  
**(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.

**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  
1600 Ruben Torres Sr Blvd  
Brownsville, Texas 78526

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME  
Rise Residential Construction, LP

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS 16812 Dallas Plwy	CITY Dallas	STATE TX	POSTAL CODE 75248
			COUNTRY USA

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's name will 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

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 SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME  
International Bank of Commerce

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 1600 Ruben Torres Sr Blvd	CITY Brownsville	STATE TX	POSTAL CODE 78526
			COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:

Any and all personal property of Debtor, 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.

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility  Agricultural Lien  Non-UCC Filing

6b. Check only if applicable and check only one box:  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

7. ALTERNATIVE DESIGNATION (if applicable):

8. OPTIONAL FILER REFERENCE DATA:  
1080037217

**ATTACHMENT I  
TO  
UCC1 FINANCING STATEMENT  
REGARDING ASSETS**

PART 1

Definitions

Section 1.1 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 Definitions of Certain Terms Used Herein. 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.

"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.

"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.

"Patents" 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.

"Person" 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,

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 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.

"Trademarks" 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.

"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.

## 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:

- ( 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;
- ( l ) 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 II  
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  $\frac{3}{4}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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  $\frac{1}{2}$ " 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

IBC – SAVANNAH AT LAKEVIEW, LP 2024

**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

IBC – SAVANNAH AT LAKEVIEW, LP 2024

**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  
1600 Ruben Torres Sr Blvd  
Brownsville, Texas 78526

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME  
Rise Residential Development, LLC

OR

1b. 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

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's name will 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

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 SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME  
International Bank of Commerce

OR

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 Brownsville TX 78526 USA

4. COLLATERAL: This financing statement covers the following collateral:

Any and all personal property of Debtor, 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.

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility  Agricultural Lien  Non-UCC Filing

6b. Check only if applicable and check only one box:  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

7. ALTERNATIVE DESIGNATION (if applicable):

8. OPTIONAL FILER REFERENCE DATA:  
1080037217

**ATTACHMENT I  
TO  
UCC1 FINANCING STATEMENT  
REGARDING ASSETS**

PART 1

Definitions

Section 1.1 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Schedule are used herein as defined in the UCC.

Section 1.2 Definitions of Certain Terms Used Herein. 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.

"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.

"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.

"Patents" 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.

"Person" 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,

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 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.

"Trademarks" 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.

"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.

## 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:

- ( 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;
- ( l ) 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 II  
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  $\frac{3}{4}$ " 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;

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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  $\frac{1}{2}$ " iron rod found, being the northwest corner of Lynn M. Djahangiri, recorded in Volume 97109, Page 1470, D.R.D.C.T.;

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ATTACHMENT II TO UCC FINANCING STATEMENT REGARDING ASSETS

IBC – SAVANNAH AT LAKEVIEW, LP 2024



**ATTACHMENT II  
TO  
UCC FINANCING STATEMENT REGARDING ASSETS**

**(Page 2 of 2)**

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North 25 degrees 49 minutes 51 seconds West, a distance of 65.74 feet to a point for corner;

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North 29 degrees 14 minutes 54 seconds West, a distance of 77.30 feet to a point for corner;

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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

IBC – SAVANNAH AT LAKEVIEW, LP 2024

**UNANIMOUS CONSENT OF THE PARTNERS OF  
RISE RESIDENTIAL CONSTRUCTION, LP,  
A TEXAS LIMITED PARTNERSHIP**

March \_\_\_\_\_, 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

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]

**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