

PROMISSORY NOTE

Date:

Borrower:

Borrower's Mailing Address:

Lender: SPANISH OAKS ESTATES, LLC, a Texas limited liability company.

Place for Payment:

9811 South IH-35, Building 3, Suite 100
Austin, Texas 78744, or any other place that Lender may designate in writing.

Principal Amount: \$

Annual Interest Rate: Nine Percent (9.000%)

Maturity Date:

Annual Interest Rate on Matured, Unpaid Amounts: Eighteen Percent (18%)

Terms of Payment (principal and interest): The Principal Amount and interest are due and payable in equal monthly installments of \$_____, on the 1st day of each month, beginning _____ and continuing until the unpaid principal and accrued, unpaid interest have been paid in full. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Prepayment: Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium. Prepayments will be applied to installments on the last maturing principal, and interest on that prepaid principal will immediately cease to accrue.

Late Payment Penalty. If the Payee has not received the full amount of any monthly payment on or before the 10th day of the month in which the payment is due, Maker agrees to pay a late charge to the Payee, in addition to interest. The amount of the charge will be 5% of the overdue payment of principal and interest, which is due upon demand of Payee or Payee's successors and assigns. Maker agrees with Payee that the charges set forth herein are reasonable compensation to Payee for the handling of such late payments.

Security for Payment: This note is secured by a vendor's lien and superior title retained in a deed from SPANISH OAKS ESTATES, LLC to Borrower of even date and by a deed of trust

of even date from _____ to GENE MAJORS or CARRIE LANE, Trustee, both of which cover the following real property:

Lot _____, SPANISH OAKS ESTATES, a subdivision in Caldwell County, Texas, according to the map or plat of record in Cabinet B, page 133, as amended in Cabinet B, Slide 157, Plat Records of Caldwell County, Texas.

Promise to Pay

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. If any amount is not paid either when due under the Terms of Payment or on acceleration of maturity, Borrower promises to pay any unpaid amounts plus interest from the date the payment was due to the date of payment at the Annual Interest Rate on Matured, Unpaid Amounts.

Defaults and Remedies

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Notwithstanding any other provision of this note, in the event of a default, before exercising any of Lender's remedies under this note or any deed of trust or warranty deed with vendor's lien securing it, Lender will first give Borrower written notice of default and Borrower will have ten days after notice is given in which to cure the default. If the default is not cured ten days after notice, Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Attorney's Fees

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

Usury Savings

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration

or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

Other Clauses

Each Borrower is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

1. The liens securing this note are subordinate to the lien securing another note in the original principal amount of \$880,000.00, dated October 5, 2012, and executed by Spanish Oaks Estates, LLC, payable to the order of First Lockhart National Bank.

2. The liens securing this note are subordinate to the lien securing another note in the original principal amount of \$785,000.00, dated October 5, 2012, and executed by McDonald Family Investments Limited, payable to the order of McDonald investments Ltd.

A default exists under this note if (1) (a) Borrower or (b) any other person liable on any part of this note or who grants a lien or security interest on property as security for any part of this note (an "Other Obligated Party") fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower or any Other Obligated Party; (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower or any Other Obligated Party is materially false when made; (3) a receiver is appointed for Borrower, any Other Obligated Party, or any property on which a lien or security interest is created as security (the "Collateral Security") for any part of this note; (4) any Collateral Security is assigned for the benefit of creditors; (5) a bankruptcy or insolvency proceeding is commenced by Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; (6) (a) a bankruptcy or insolvency proceeding is commenced against Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party and (b) the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered; (7) any of the following parties is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of any of the following parties: Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; or (8) any Collateral Security is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral security of like kind and quality or restored to its former condition.

If any provision of this note conflicts with any provision of a loan agreement, deed of trust, or security agreement of the same transaction between Lender and Borrower, the provisions of the deed of trust will govern to the extent of the conflict.

This note will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction.
