

**Patterson PK Land Partnership, LTD. to PK BRA Lessee**  
**Sales Contract Completion Instructions**

- 1) Contact your lawyer if you have any legal questions regarding this contract.
- 2) Correct "Buyer" name(s) if not correct. Cross out, correct and initial change is OK.
- 3) "X" your desired Sales Price option. Please select only one option.

If you presently have a mortgage on your lease property and you are not concurrently refinancing that loan with your lot purchase your current lender may have certain requirements in connection with your lot purchase of the fee estate. Please read your deed of trust and/or check with your lender for any requirements they may have.

- 4) Complete "Title Company" name, address and contact information. Buyer is required to pay for any owner and mortgagee title insurance expenses. Patterson PK Land Partnership, Ltd cannot require you to use any title company. However, the title company selected is subject to approval by Seller and may be subject to your lender's approval as well. See the list of title companies approved by Patterson PK Land Partnership, Ltd on the Patterson PK Land Partnership, Ltd website: <http://www.pklandpartnership.com/Title.aspx>

The following approved title attorney and title company have been approved by Patterson PK Land Partnership, Ltd., and have indicated that they will be ready to close these transactions and will be set up to accommodate a Preferred Lender's e-Closing:

Title Attorney:

Working With

Title Company:

Gault & Gault  
% George Gault  
Mineral Wells, Texas  
Tel: 940-325-6973  
Fax: 940-325-7410  
Email: [ggault@suddenlinkmail.com](mailto:ggault@suddenlinkmail.com)

Elliott & Waldron Abstract  
Company of Palo Pinto, Inc.  
403 South Oak Avenue  
Mineral Wells, Texas 76067  
Telephone: 940-325-6564  
Fax: 940-325-1036  
Contact: Jane Privitt  
Email: [elliott100@sbcglobal.net](mailto:elliott100@sbcglobal.net)

Other title companies may also be approved by Patterson PK Land Partnership, Ltd. Again, please contact your lender (Preferred Lender or other) if you are planning to finance your purchase.

The Preferred Lender list (those lenders that Patterson PK Land Partnership, Ltd selected to do the "85% Preferred Lender Contemporaneous Close") is finalized. The lenders' names and contact information are posted on the Patterson PK Land Partnership, Ltd website: <http://www.pklandpartnership.com/Lenders.aspx>

- 5) Complete the Buyer's "Notice" information in Section 14.

6) In "Deed Vesting" instructions please indicate exactly how you want the deed to Buyer to be styled. e.g. John Doe and Jane Doe, husband and wife.

7) Before you sign the contract, please print 3 originals of the Sales Contract **AND ALL EXHIBITS.**

8) Sign all 3 originals.

9) Make the check for the Earnest Money (see Section 6 of the Contract) in the amount of \$1,000 out to the title company you have selected from the list of Approved Title Companies on the website (or other approved Title Company).

10) Return all 3 signed originals with all exhibits and the Earnest Money check (personal check is OK) to:  
Mike Patterson  
2310 West Interstate 20, Suite 100  
Arlington, Texas 76017

11) Upon receipt, Patterson PK Land Partnership, Ltd will sign all 3 originals, return one fully executed original to Buyer and deliver one fully executed original to the title company with the earnest money check.

12) Periodically check the Patterson PK Land Partnership, Ltd website for survey status information:  
<http://www.pklandpartnership.com/Surveyors.aspx>

13) It is the Buyer's responsibility to order and pay for the individual parcel survey to be used in the closing from Patterson PK Land Partnership, Ltd to Buyer. That survey must be prepared by a surveyor approved by the Brazos River Authority and Patterson PK Land Partnership, Ltd and use the street, FERC Buffer Zone and other boundaries established by the Brazos River Authority and Patterson PK Land Partnership, Ltd. See Resale Survey requirements:  
<http://www.pklandpartnership.com/downloads/Resale%20Survey%20Requirements.2.081309.pdf>

If Buyer anticipates a dispute/discrepancy with its interior lot lines Buyer should confer with its applicable adjoining neighbor and enter into a "Boundary Line Agreement" similar to the one posted on the website.

A licensed surveyor should prepare the addendum describing the common agreed to and adjusted common boundary line. This adjustment must be done before either of the applicable effected properties is transferred by Patterson PK Land Partnership, Ltd. The "Boundary Line Agreement" must be signed by all required parties and returned to Patterson PK Land Partnership, Ltd. prior to any of the effected properties being transferred by Patterson PK Land Partnership, Ltd.

14) If Buyer's property has a FERC Buffer Zone encroachment, Buyer in order to not delay its closing with Seller may obtain a contract to cure said violation(s) ("FERC Curative Work") from a 3<sup>rd</sup> party and escrow with title company an amount equal to 150% of said contract price (non-interest bearing). Said FERC Curative Work must be completed within a reasonable time (not to exceed 30 days) after the earlier to occur of (i) Seller's notification to Buyer that Seller, FERC, and/or Brazos River Authority require the removal or modification of such encroachments, or (ii) December 31, 2012. In the event the Buyer fails to timely complete all or any part of FERC Curative Work Seller and/or the Brazos River Authority shall have the right to enter into a contract with any third party for the completion of such part of the FERC Curative Work

as the Buyer has failed adequately to perform. See your Contract for further detail and requirements.

**15)** Please call Jarod Cox, Project Manager for Patterson PK Land Partnership, Ltd or Mike Patterson at 817-461-5500 if you have any questions.

Thanks,

Mike



**Mike Patterson**  
**Patterson PK Land Partnership, LTD.**  
2310 West Interstate 20, Suite 100  
Arlington, Texas 76017  
Tel: 817.461.5500  
Fax: 817.856.6090  
Email: mike@ppdocs.com

SAMPLE

**NOTICE: THE BRAZOS RIVER AUTHORITY IS NOT A PARTY TO THIS CONTRACT AND HAS NO OBLIGATIONS TO BUYER UNDER THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY OBLIGATION OR DUTY TO APPROVE OR REVIEW ANY MATTERS RELATED TO THE CONVEYANCE CONTEMPLATED BY THIS CONTRACT. NOR HAS THE BRAZOS RIVER AUTHORITY MADE ANY REPRESENTATIONS TO BUYER IN CONNECTION WITH THIS TRANSACTION ON WHICH BUYER IS ENTITLED TO RELY, ALL SUCH RELIANCE BEING EXPRESSLY DISCLAIMED.**

BRA Customer # \_\_\_\_\_

**PATTERSON PK LAND PARTNERSHIP, LTD.**  
**TO PK BRA LESSEE SALES CONTRACT**

1. **INTENT** It is the intent of the parties to this Contract to be compliant with Brazos River Authority RFB. 09-04-391, Addendums 1-11 thereto, the accepted bid of Patterson PK Land Partnership, LTD., the enabling legislation contained in House Bill 3031 passed in the 81st Texas Legislature Regular Session and all conditions and requirements detailed within those documents.

2. **PARTIES** The parties to this contract are **Patterson PK Land Partnership, LTD.** (Seller) and \_\_\_\_\_ (Buyer). Seller agrees to sell and Buyer agrees to buy from Seller the Property defined below. **This agreement is contingent on Seller's purchase of the Property from the Brazos River Authority.**

3. **PROPERTY**

A. GENERAL Located in: \_\_\_\_\_ County, Texas, having the Street Address of:

Short Legal Description (per Brazos River Authority Records):  
\_\_\_\_\_

together with an executory interest in that portion of the FERC Buffer located immediately adjacent to the above described property in the event such FERC License is not amended as described below or otherwise terminated or expired on or before Closing. Possum Kingdom Lake is formed by Morris Sheppard Dam, which was constructed as part of a hydroelectric project (the "Project", as further described in the FERC License) pursuant to that certain license ("FERC License") issued by the United States of America Federal Energy Regulatory Commission ("FERC") to Brazos River Authority for FERC Project No. 1490-003-Texas on September 8, 1989, as such FERC License has been (and may be further) extended, renewed, and amended at any time and from time to time. References to the FERC License include that certain Amendment to the original FERC License issued in 1975, which Amendment was issued May 15, 1980, to the extent such Amendment is incorporated and referenced in the current FERC License. The FERC License governs and regulates that portion of the Brazos River Authority owned land and which is subject to the FERC License (the "FERC Project Area"), as further identified and defined in the FERC License, as may be amended at any time and from time to time, and which FERC Project Area may move or change over time due to natural forces. The FERC Project Area includes a buffer strip (the "FERC Buffer") that is 25 or 50 feet in width (depending on the location) and is measured landward horizontally from the 1000' contour line, as such 1000' contour line and the FERC Buffer may move and shift from time to time due to natural forces, such as erosion and accretion. Except as set forth herein regarding the FERC Buffer, the FERC Project Area is not included in the Property and will be retained by the Brazos River Authority. If the FERC License is not amended to remove the FERC Buffer from the FERC Project Area prior to Closing, or if the FERC License is not otherwise terminated or expired prior to Closing, the individual lease affecting the Property will remain in effect as between Brazos River Authority and Buyer for the FERC Buffer to the extent each such lease covers the FERC Buffer; thus during the remaining term of such lease, the Buyer will continue to have the same access and use of the FERC Buffer as provided in their existing lease. In the event the FERC License is amended to remove the FERC Buffer or any portion thereof from the FERC Project Area prior to Closing, or if the FERC License is otherwise terminated or expired prior to Closing, the FERC Buffer (to the extent no longer part of the FERC Project Area or regulated by FERC) located adjacent to the Buyer's leased land shall be included and conveyed by Seller to Buyer with the Property covered by this Contract, and Buyer's lease covering the FERC Buffer will be assigned to Buyer as part of the Property. In the event such FERC License is not so amended or otherwise terminated or expired on or before Closing, then

Seller, in the Deed, may convey Seller's executory interest in that portion of the FERC Buffer located immediately adjacent to the Buyer's leased land to Buyer, which executory interest will run with the land and inure to the benefit of the successors-in-interest to Buyer. Thereafter, Buyer will be the holder of such executory interest, as it applies to that portion of the FERC Buffer located immediately adjacent to the Leaseholder's purchased lot, measured by extending the common boundary lines on both sides of the leased lot being purchased in a straight line to the then current 1000' contour line (which is and will remain a meander line that changes over time, due to natural forces, such as accretion and erosion), or, if such portion cannot reasonably be measured as set forth above, then as otherwise determined by Seller and any conveyance of the Property shall include a conveyance of such executory interest in the adjacent FERC Buffer, it being the intent that the executory interest in the FERC Buffer run with and benefit the owner of the adjacent property. The executory interest shall be triggered at such time as the FERC License (including any renewals or extensions thereof) no longer applies to the applicable portion of such FERC Buffer; provided however, if such executory interest is not triggered on or before the earlier of August 31, 2040 (such date being the 21st anniversary after the expiration of the existing FERC License before any extensions or renewals), or ten days after the expiration (including any extensions or renewals) or termination of the existing FERC License, then such executory interest shall be terminated and of no further force or effect. Upon timely satisfaction of the condition set forth above, this conveyance shall be automatically effective without necessity of further documentation. At any such time as the applicable portion of the FERC Buffer is conveyed to Buyer (or its successor-in-interest), whether at Closing or pursuant to the executory interest being triggered, the recipient of such portion of the FERC Buffer shall grant Seller and the Brazos River Authority access to the FERC Project Area and Possum Kingdom Lake to allow Brazos River Authority to fulfill its obligations as a River Authority, licensee under the FERC License, or any other obligations pursuant to state water rights or governmental regulations. This obligation shall be included in the Deed at Closing.

B. UNDEVELOPED STRIPS The "Undeveloped Strips" consist of those certain strips of undeveloped and un-leased land located (i) between individual leased lots (i.e., a strip of land which is not covered by the individual leases on either side of such strip of land) or (ii) between the leased tract and the road, which Brazos River Authority determines, in its sole discretion, to include as part of the property conveyed to Seller at the Original Closing. The Seller will, in its sole discretion, determine which undeveloped strips of land will be included within the definition of Undeveloped Strips for purposes of this Contract and included as part of the Property being conveyed to Buyer hereunder. **The Buyer is not required to accept any Undeveloped Strip offered by Seller to be included in the Property conveyed, however if the Buyer chooses not to accept an offered Undeveloped Strip then Seller and Seller's successors and/or assigns will have a perpetual easement over the Property conveyed to Buyer to access said offered Undeveloped Strip.**

Together with all rights, privileges, and appurtenances pertaining thereto, including but not limited to: all improvements, permits, strips and gores and easements.

It is understood and agreed that the property description will be amended by the final survey required and detailed herein. All property covered by this contract is called the "Property."

C. ASSIGNMENT OF LEASE. An assignment of the interest of Seller, as lessor, under that certain lease agreement covering all or a portion of the land referenced in Paragraph 3.A above to the extent such land is conveyed to Buyer will be provided to Buyer at Closing. Buyer's residential lease agreement with the Brazos River Authority for the remaining portion of Buyer's leasehold into the FERC Buffer not transferred by deed from Seller to Buyer continues as amended by House Bill 3031, but all rent payable under such lease will be assigned to Buyer at Closing. In accordance with House Bill 3031, unless the FERC License is earlier terminated, expired or amended to remove the FERC Buffer from the FERC Project Area, then on or before January 2, 2012, the Brazos River Authority intends to file an application with FERC to request approval to provide each such residential leaseholder an easement for the use of such portion of the FERC Buffer covered by the applicable lease, which easement shall be subject to the FERC License (the "Easement Application"). For any such leases expiring before FERC grants or denies the Easement Application, the Brazos River Authority has announced that it plans to extend such residential leases covering the FERC Buffer on a year-to-year basis until such time as the Brazos River Authority receives FERC's grant or denial of the Easement Application.

4. **SALES PRICE** The land only assessed value without any exemptions (as determined as of the Effective Date of this Contract by the appraisal district) for the year 2008 is \$\_\_\_\_\_ (the "2008 Assessed Land Only Value").

If Buyer presently has a mortgage on the leasehold estate for the Property, that current lender may need to consent for Buyer to purchase the fee simple estate of the Property. That lender may require a loan modification or refinance of its current loan if that loan is not being paid off in conjunction with this fee simple purchase.

Select only one Sales Price option with an (X):

- “85% Preferred Lender Financing-Contemporaneous Close”** Buyer elects to close "contemporaneously" with Seller's purchase from the Brazos River Authority at a sales price equal to 85% of the 2008 Assessed Land Only Value. **AT LEAST 50% OF THE PURCHASE FUNDS MUST COME FROM LOAN PROCEEDS FROM A PREFERRED LENDER. “Preferred Lenders” are those lenders that assist Seller in Seller’s acquisition of the Property from the Brazos River Authority or otherwise designated by Seller in Seller’s sole discretion. The “Preferred Lender” list is available at <http://www.pklandpartnership.com/Lenders.aspx> and may be amended from time to time. THE LENDER THAT BUYER USES MUST BE ON SELLER’S “PREFERRED LENDER” LIST AT THE TIME THAT BUYER CLOSES WITH SELLER FOR BUYER TO BE ELIGIBLE TO RECEIVE THIS PRICING OPTION.** If the Closing is not “contemporaneous” Buyer must have at least signed this Contract and satisfied all closing conditions, including but not limited to providing the survey showing no prohibited encroachments as required by this Contract.
- “90% Cash or Any Lender Financing-Contemporaneous Close”** Buyer elects to close "contemporaneously" with Seller's purchase from the Brazos River Authority at a sales price equal to 90% of the 2008 Assessed Land Only Value using cash or lender (any lender) financing. If the Closing is not “contemporaneous” Buyer must have at least signed this Contract and satisfied all closing conditions, including but not limited to providing the survey showing no prohibited encroachments as required by this Contract.
- “90% Seller Financing-Contemporaneous Close”** Buyer elects to close “contemporaneously” with Seller's purchase from the Brazos River Authority at a sales price equal to 90% of 2008 Assessed Land Only Value using Seller first lien deed of trust financing, with a down payment of ten percent (10%), annual payments, an interest rate of six percent (6%), with a 30-year amortization. Buyer shall not be charged any origination fees or points by Seller as a part of the closing costs involved in the seller financing option.
- “90% Cash or Any Lender Financing”** Buyer elects to purchase, but not contemporaneous with Seller's purchase from the Brazos River Authority, in cash or through lender (any lender) financing for 90% of 2008 Assessed Land Only Value , such option to be available for a period of one year from the Original Closing.
- “90% Seller Financing”** Buyer elects to purchase, but not contemporaneous with Seller's purchase from the Brazos River Authority, for 90% of 2008 Assessed Land Only Value using Seller first lien deed of trust financing, with a down payment of ten percent (10%), annual payments, an interest rate of six percent (6%), with a 30-year amortization, such option to be available for a period of one year from the Original Closing. Buyer shall not be charged any origination fees or points by Seller as a part of the closing costs involved in the Seller financing option.

If the Buyer desires to buy the Property from the Seller concurrently with the Seller's closing with the Brazos River Authority, Buyer must have already notified the Brazos River Authority and Seller in writing within 90 days after the effective date of the contract between the Brazos River Authority and Seller of Buyer's intent to purchase the Property.

**“Option to Purchase within a Lease Agreement”** More than one year has elapsed since Seller's Original Closing with the Brazos River Authority. Buyer elects to purchase the Property for 100% of the current tax assessed land only value for the Property (but in no event less than the 2008 Assessed Land Only Value). The land only assessed value for the year \_\_\_\_\_ is \$ \_\_\_\_\_.

The agreed formats of the deed, assignment of lease, seller finance deed of trust and seller finance note are attached hereto as Exhibit A.

The parties agree to said Sales Price option.

- If “X”ed Seller acknowledges that Seller timely received back from Buyer the March 2009 Questionnaire/Survey

that Seller sent out to Buyer. Per Seller's offer, Buyer will receive an additional \$250 deduction from the Sales Price for timely completing and returning same. Thanks!

5. **CLOSING** The "Original Closing" (herein so called) from the Brazos River Authority to Seller shall occur no later than December 31, 2010. The Brazos River Authority has posted on its website within thirty days after entering into a contract for sale with Seller the effective date of such contract and the anticipated date of the Original Closing, which date is at least six (6) months from the effective date of the contract between the Brazos River Authority and Seller. Any changes to the anticipated date of that closing shall also be posted on the Brazos River Authority's website. If the Buyer elects the "Contemporaneous Close" detailed in Section 4 above, promptly after the Original Closing, the warranty deed and any other applicable documents effectuating transfer of the Property to the Buyer shall be recorded in the county records where the Property is located promptly after such escrow agent receives written notice from the Brazos River Authority or title company or escrow agent facilitating the closing of the Property from the Brazos River Authority to Seller that such Original Closing has been completed and the necessary documents have been recorded pursuant to such Original Closing. In no event shall the warranty deed or any other documents transferring the applicable portion of the Property to the Buyer be recorded prior to Original Closing.

6. **EARNEST MONEY** Earnest money (personal check is OK) in the amount of \$1,000 made payable to the applicable title company should be delivered along with three (3) Contracts executed by Buyer to Seller for Seller to execute. Seller will sign the three (3) originals and forward one original and the earnest money check to the Title Company. The other executed original will be mailed to Buyer. Seller will provide a copy of the fully executed Contract to the Brazos River Authority.

7. **TITLE COMPANY** The Buyer is required to pay for any owner and mortgagee title insurance expenses. Patterson PK Land Partnership, Ltd cannot require Buyer to use any title company. Contact your lender to see if the title company selected is acceptable to your lender.

Based upon the above information Buyer chooses:  
Select only one and mark with an (X):

Title Attorney:  
Gault & Gault  
% George Gault  
Mineral Wells, Texas  
Tel: 940-325-6973  
Fax: 940-325-7410  
Email: ggault@suddenlinkmail.com

Working With

Title Company:  
Elliott & Waldron Abstract  
Company of Palo Pinto, Inc.  
403 South Oak Avenue  
Mineral Wells, Texas 76067  
Telephone: 940-425-6564  
Fax: 940-325-1035  
Contact: Jane Privitt  
Email: elliott100@sbcglobal.net

Other:  
% \_\_\_\_\_  
\_\_\_\_\_  
Tel: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

The title company and/or title attorney selection is hereafter referred to as Title Company. Seller reserves the right to approve the Title Company used in this transaction.

8. **PROPERTY CONDITION**  
A. **TEXAS SELLER'S PROPERTY DISCLOSURE NOTICE** In compliance with Texas law, § 5.008 of the Texas Property Code, Seller has furnished, and Buyer has received and reviewed, a Seller's Disclosure Notice attached hereto as Exhibit B.

B. **SELL "AS IS"** Buyer hereby represents that he has personally inspected and examined the above-mentioned

premises and all improvements thereon. Buyer hereby acknowledges that unless otherwise set forth in writing elsewhere in this contract neither Seller nor Seller's representatives, if any, have made any representations concerning the present or past structural condition of the improvements. **Buyer is purchasing the Property in its "as-is" condition and Seller shall have no obligation to make any improvements or modifications thereto, nor will Seller make any representations or warranties as to the condition or use of the Property.**

C. FEDERAL SELLER'S DISCLOSURE OF LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS is required by Federal law for a residential dwelling constructed prior to 1978. Because Seller does not know the age of the improvements on the Property an addendum providing such disclosure is attached hereto as Exhibit C. The EPA-approved information pamphlet on identifying and controlling lead-based paint hazards entitled "Protect Your Family from Lead in Your Home" is attached as Exhibit D.

If the subject residential dwelling was constructed prior to 1978, Buyer may conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, to be completed anytime before Closing. In the alternative, Buyer may waive the opportunity to conduct an assessment/inspection by indicating said waiver on the attached Lead-Based Paint Disclosure form.

D. APPRAISAL AND TERMITE INSPECTION Any appraisal of the Property shall be the responsibility of Buyer. A termite inspection is not required.

E. UTILITIES The present condition of all utilities is accepted by Buyer.

## 9. TITLE POLICY AND SURVEY

A. TITLE POLICY Buyer shall purchase at Buyer's expense an owner policy of title insurance (Title Policy) issued by Title Company in the amount of the Sales Price, dated at or after Closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

- 1) Restrictive covenants of record including any restrictive covenants common to the platted subdivision in which the Property is located and those detailed in HB3031.
- 2) The standard printed exception for standby fees, taxes and assessments.
- 3) Liens created as part of financing.
- 4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
- 5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
- 6) The standard printed exception as to marital rights.
- 7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
- 8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements.

Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area".

B. COMMITMENT Within 60 days after the Title Company receives a copy of this Contract, Buyer shall obtain a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Buyer authorizes the Title Company to mail or hand deliver the Commitment and Exception Documents to Buyer at Buyer's address.

C. SURVEY Buyer shall deliver to the Brazos River Authority and Seller no less than forty-five days prior to Closing, at the Buyer's expense, an accurate survey of the Property (including any Undeveloped Strips being included in such Property), which survey must be acceptable to the Brazos River Authority and Seller. To be acceptable to the Brazos River Authority and Seller, the survey must:

- 1) be acceptable to the Title Company selected by the Buyer for purposes of issuing any policy of title insurance for the Property;
- 2) be prepared by a licensed state land surveyor or a registered professional land surveyor acceptable to the Brazos River Authority;



3) include the boundary of the Buyer's Property and any Undeveloped Strips being conveyed, which boundaries must be consistent with the master survey prepared on behalf of the Brazos River Authority in conjunction with the sale of the Property to the Seller;

4) if the FERC Buffer is excluded from the Property being conveyed in fee simple (see Section 3.A), the boundary of the FERC Buffer adjacent to the Property in which an executory interest will be conveyed, which boundaries must be consistent with the master survey prepared on behalf of the Brazos River Authority in conjunction with the sale of the Property to the Seller; and

5) include all improvements on the Property and indicate any encroachments across the applicable boundary lines or into the FERC Project Area or FERC Buffer. Buyer must provide evidence that any such encroachments across boundary lines or into the FERC Project Area or FERC Buffer have been cured by the Buyer (either by removal of such encroachment or by written agreement between the affected parties permitting such encroachment to continue) prior to the survey being deemed acceptable; and be reviewed and approved by the Brazos River Authority and Seller; the Brazos River Authority, Seller, and their representatives or agents may perform an inspection of the Property to verify the accuracy of the Survey and any encroachments thereon.

If Buyer's Property has a FERC Project Area or FERC Buffer encroachment, Buyer in order to not delay its closing with Seller may obtain a contract to cure said violation(s) ("FERC Curative Work") from a 3<sup>rd</sup> party and escrow with the title company an amount equal to 150% of said contract price (non-interest bearing). Said FERC Curative Work must be completed within a reasonable time (not to exceed 30 days) after the earlier to occur of (i) Seller's delivery of notification to Buyer that Seller, FERC and/or the Brazos River Authority require the removal or modification of such encroachment, or (ii) December 31, 2012. Buyer agrees to be responsible for the payment of any and all inspection and reinspection fees charged by surveyors, inspectors or other 3<sup>rd</sup> parties selected by Seller to determine satisfactory completion of Buyer's FERC Curative Work. In the event the Buyer fails to timely complete all or any part of FERC Curative Work Seller and/or the Brazos River Authority shall have the right to enter into a contract with any third party for the completion of such part of the FERC Curative Work as the Buyer has failed adequately to perform. In such event the title company shall pay over, at the direction of either the Seller and/or the Brazos River Authority, as applicable, all or any part of the escrowed funds in such amounts and to such persons as may be specified in such direction. The Buyer hereby releases the Seller and the Brazos River Authority from any liability whatsoever in performing such FERC Curative Work or directing the title company to pay over all or any part of the funds deposited hereunder as may be expended at the direction of either Seller or the Brazos River Authority as provided herein. In the event the Seller or the Brazos River Authority, pursuant to the provisions of this section, proceed to complete any of the FERC Curative Work, the Buyer hereby irrevocably authorizes and empowers the Seller and the Brazos River Authority, its agents, employees, contractors and laborers to enter into and upon said premises for the purpose of carrying such work to completion and further authorizes and empowers the Seller and Brazos River Authority to take charge of the property affected and all lands belonging to the Buyer appurtenant thereto and which are a part of the total project as described and proposed in the proposed FERC Curative Work and in the name of the Buyer as an attorney-in-fact, to call upon and require all persons under contract with the Buyer to do the work and supply the materials necessary for the completion of the work to perform under their contracts. The Seller and Brazos River Authority in so doing is empowered to make such changes, alterations, additions, or modifications as it deems to be necessary or expedient. Any unexpended balance of the sum deposited herewith after completion of any work or improvements undertaken shall be paid to the Buyer without interest. In the event the sum therewith deposited proves insufficient for any reason to effectuate completion of said FERC Curative Work by Seller or the Brazos River Authority, Seller shall make demand upon the Buyer to deposit the additional sum needed to effect its completion and the Buyer hereby agrees to supply to the Title Company any and all sums needed over and above the amount of this deposit to complete said FERC Curative Work. Buyer will be responsible for Seller's and Brazos River Authority's reasonable attorney fees to enforce this requirement. The terms of this paragraph shall survive closing.

If Buyer anticipates a dispute/discrepancy with its interior lot lines the Buyer should confer with its applicable adjoining neighbor and enter into a "Boundary Line Agreement". A licensed surveyor should prepare the addendum describing the common agreed to and adjusted common boundary line. This adjustment must be done before either of the applicable effected properties is transferred by Seller. The "Boundary Line Agreement" must be signed by all required parties and returned to Seller prior to any of the effected properties being transferred by Seller.

D. OBJECTIONS The Buyer must notify Seller of any objections to any items on the title commitment and/or

survey within fifteen (15) days after receipt of same, but in no event less than 45 days prior to the anticipated date of Closing, provided however that neither the Seller nor the Brazos River Authority shall have any obligation to cure any such items or to incur any expenses in curing any items, except that Seller shall use good faith efforts to address and/or remove those requirements or exceptions shown on Schedule C of the title commitment that are applicable to or created by the Seller and Seller shall use commercially reasonable efforts to have the Brazos River Authority cure Schedule C items created by the Brazos River Authority and, notwithstanding the foregoing, neither the Seller nor the Brazos River Authority shall have any obligation to cure any exceptions on the attached Schedule C regarding legal right of access to or from the Property.

E. DEED The "Reservations from and Exceptions to Conveyance and Warranty" provision in the deed from Seller to Buyer shall provide "This conveyance is given and accepted subject to any and all restrictions, reservations, covenants, conditions, rights of way, easements, governmental laws, regulations and ordinances, if any, affecting the herein described Property." The deed format is attached hereto in Exhibit A.

F. TITLE NOTICES

(i) TITLE POLICY The Title Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.

(ii) ANNEXATION If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.

10. CLOSING COSTS AND EXPENSES Seller shall be responsible for costs related to the release of any existing liens placed on the Property by Seller, including prepayment penalties and recording fees, release of Seller's loan liability to the extent applicable to the Property, tax statements or certificates, preparation of the deed, and one-half of any escrow fee (said one-half not to exceed \$200.00). Buyer shall be responsible for any costs associated with a loan or financing for the Property, including, without limitation, loan origination, discount, buy-down, and commitment fees, appraisal fees, loan application fees, credit reports, preparation of loan documents, loan-related inspection fees, and interest on the notes from the date of disbursement to date of first payment; the cost of the survey; recording fees; copies of easements and restrictions; mortgagee title policy with endorsements required by lender, if any; one-half of any escrow fee (said one-half not to exceed \$200); any prepaid items, including without limitation, insurance premiums and reserves and taxes; underwriting fee; and any title policy (including endorsements) obtained by Buyer.

11. PRORATIONS Property taxes will not be prorated pursuant to Buyer's lease with Brazos River Authority which Lease (to the extent applicable to the Property) will be assigned to Seller by Brazos River Authority at the Original Closing, and Buyer shall be responsible for the payment all 2010 and subsequent years property taxes. Land lease payments shall be prorated.

12. DEFAULT If Buyer fails to comply with this Contract, Buyer will be in default, and Seller may terminate this Contract and receive the earnest money as liquidated damages, thereby releasing both parties from this Contract. If, due to factors beyond Seller's control, Seller fails within the time allowed to deliver evidence of clean title, Buyer may extend the time for performance and the Closing Date will be extended as necessary, but in no event will the Closing Date be extended past December 31, 2010 if the Original Closing has not occurred. If Seller fails to comply with this Contract for any other reason, Seller will be in default and Buyer may enforce specific performance (provided that the Original Closing has occurred).

13. ATTORNEY'S FEES The prevailing party in any legal proceeding brought under or with respect to the transaction described in this Contract is entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees.

14. **NOTICES** All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by facsimile machine as follows:

To Buyer at:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Seller at:  
Patterson PK Land Partnership, LTD.  
\_\_\_\_\_  
% Michael H. Patterson  
\_\_\_\_\_  
2310 West Interstate 20, Suite 100  
\_\_\_\_\_  
Arlington, Texas 76017  
\_\_\_\_\_

Telephone (\_\_\_\_) \_\_\_\_\_

Telephone (817) 461-5500 \_\_\_\_\_

Facsimile (\_\_\_\_) \_\_\_\_\_

Facsimile (817) 856-6090 \_\_\_\_\_

Email \_\_\_\_\_

Email [mike@ppdocs.com](mailto:mike@ppdocs.com) \_\_\_\_\_

15. **AGREEMENT OF PARTIES** This Contract incorporates all prior agreements between the parties, contains the entire and final agreement of the parties, and cannot be changed except by their written consent. Neither party has relied upon any statement or representation made by the other party or any sales representative bringing the parties together. Neither party shall be bound by any terms, conditions, oral statements, warranties, or representations not herein contained. Each party acknowledges that he has read and understands this Contract. The provisions of this Contract shall apply to and bind the heirs, executors, administrators, successors and assigns of the respective parties hereto. When herein used, the singular includes the plural and the masculine includes the feminine as the context may require.

16. **NO BROKER OR AGENT FEE OWED BY SELLER** Seller shall not be responsible for any broker fees or commissions due to any broker or agent engaged or claiming to have been engaged by Buyer for the purchase and sale of the Property.

17. **TIME IS OF THE ESSENCE** TIME IS OF THE ESSENCE IN THE PERFORMANCE OF THIS AGREEMENT.

18. **GOVERNING LAW** This Contract shall be governed by the laws of the State of Texas.

19. **DEED VESTING** Buyer represents and warrants that they are all the rightful owners of the applicable Brazos River Authority leasehold for this Property and that no other party has any right, title or interest in or to that leasehold other than Buyer's lender(s), if any. Buyer directs the Seller to show the Grantee (Buyer) in the warranty deed from Seller to Buyer to be: \_\_\_\_\_

If the designation of the Grantee in the Warranty Deed is different than the record owner(s) of the leasehold estate, appropriate written documentation must be submitted to the closing agent and the Title Company.

20. **ACCESS EASEMENT** The Property will be sold subject to a Brazos River Authority access easement over and across the roads and Property to permit access to and from the FERC Project Area and the retained land of the Brazos River Authority such that Brazos River Authority can conduct its operations and for public health, safety, and welfare purposes. The access easement shall permit Seller and the Brazos River Authority, its agents, tenants, lessees (including Leaseholders), contractors, licensees, successors and assigns the right of ingress and egress over, through and across the roads (and any other roads which may be constructed on the Property in replacement of or in addition to the roads) for access to and from the retained land owned by the Brazos River Authority and the FERC Project Area. In addition, as set forth in the Declaration (as hereinafter defined), Buyer or other user of the Property is not permitted to obstruct, prevent, or otherwise restrict access over and across any portion of the roads (or any other roads which may be constructed on the Property in replacement of the roads), so that others shall have the right of ingress and egress through, over and across such roads and such other owners and leaseholders shall at all times have access to and from their individual leased lots over and across such roads, to the extent such access exists at Closing (or materially the same degree of access in the event that other roads are constructed in replacement of or in addition to the roads).

21. **DECLARATION OF RESTRICTIVE COVENANTS & CONDITIONS** The Property will be sold subject to the restrictions described in the Declaration of Restrictive Covenants & Conditions, which will be filed on behalf of the Brazos River Authority on or before Original Closing in the property records of the counties in which the Property is located (the "Declaration"). The Declaration shall provide, among other things, for a 25' setback from the 1000' contour line (subject to the FERC application referenced in Section 3(A)) and that no owner or leaseholder which shares a driveway with other owners or leaseholders shall be permitted to obstruct, prevent, or otherwise restrict access over or across any portion of such shared driveway by such other owners or leaseholders, or their guests or invitees, so that all owners and/or leaseholders sharing a driveway shall at all times have access to and from their portion of the Property.

22. **FLOWAGE EASEMENT** The Brazos River Authority in the deed from the Brazos River Authority to Seller will reserve the perpetual right, power, privilege and easement to occasionally overflow, flood, and submerge that portion of the Property located at or below the elevation contour of 1015' above mean sea level in connection with the Brazos River Authority's operation and maintenance of Possum Kingdom Lake, and the Brazos River Authority and Seller shall have no liability to Buyer (or its successors, assigns, lessees [including leaseholders], or any other person) for any damages, claims, costs, injuries, or liabilities to any person or the Property or any improvements or other building, structures, or improvements thereon caused by or arising from such overflow or any act or omission by Seller and the Brazos River Authority in connection with the right and easement reserved in said deed.

23. **PROPERTY OWNER ASSOCIATION** Seller reserves the right to create a mandatory property owner association with the power to impose dues, liens and assessments against the Property. See Subdivision Information Including Certificate For Property Subject to Mandatory Membership in a Property Owner's Association attached hereto as Exhibit E.

24. **MISCELLANEOUS** The parties consent to Seller signing electronically Seller's signatures on the attached Exhibits.

25. **RESIDENTIAL LOTS WHOLLY WITHIN FERC** The parties acknowledge that Seller's sales contract with the Brazos River Authority and HB3031 provide that residential lots that are wholly within FERC will not be conveyed to Seller. The Master Survey being prepared by the Brazos River Authority and Seller will be the determining factor in which residential lots are wholly within FERC. If the Property covered by this Contract is not conveyed to Seller by the Brazos River Authority then this Contract will terminate and Buyer will be returned their earnest money.

26. **SALES PRICE DETERMINATION** The parties agree that the term "land only assessed value without any exemptions (as determined by the appraisal district)" as used within HB3031 means the value for the applicable year as determined and certified to the applicable taxing authorities by the appraisal district using the leasehold appraisal methodology in effect on May 27, 2009 (effective date of HB3031) and that any subsequent change in value or leasehold appraisal methodology will *not affect* the Sales Price set forth in Paragraph 4 above.

27. **ROADWAYS ABUTTING OR GOING THROUGH PROPERTY** Buyer acknowledges that if an existing roadway abuts or runs through Buyer's leasehold estate the Property conveyed to Buyer will exclude that portion of the leasehold necessary for the road and applicable right of way necessary for Seller's subsequent dedication of the road and right of way to the County where the Property is located in accordance with HB 3031.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (THE EFFECTIVE DATE).

\_\_\_\_\_  
**Buyer**

\_\_\_\_\_  
**Buyer**

\_\_\_\_\_  
**Seller**

Patterson PK Land Partnership, LTD.  
By: Patterson PK Land Management GP, LLC, General Partner

By: \_\_\_\_\_  
Michael H. Patterson, Manager

---

**TITLE COMPANY RECEIPT**

Receipt of Earnest Money is acknowledged.

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

Date: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Telephone (\_\_\_\_) \_\_\_\_\_

Address

Facsimile (\_\_\_\_) \_\_\_\_\_

City State Zip Code

SAMPLE

**EXHIBIT A TO SALES CONTRACT**

AFTER RECORDING RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER AND/OR YOUR DRIVER'S LICENSE NUMBER.**

**SPECIAL WARRANTY DEED [WITH VENDOR'S LIEN]**

STATE OF TEXAS

§  
§  
§  
§

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

KNOW ALL PERSONS BY THESE PRESENTS:

**EFFECTIVE DATE:** \_\_\_\_\_, 2010

**GRANTOR:** PATTERSON PK LAND PARTNERSHIP, LTD., a Texas limited partnership

**GRANTOR'S MAILING ADDRESS:** Attn: Michael H. Patterson  
2310 West Interstate 20, Suite 100  
Arlington, Texas 76017  
Tarrant County

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

**GRANTEE'S MAILING ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONSIDERATION:** Ten dollars and other good and valuable consideration [and a note of even date herewith executed by Grantee and payable to the order of \_\_\_\_\_ ("Lender") in the principal amount of \$\_\_\_\_\_. The note is secured by a first and superior vendor's lien retained in this deed, and by a first-lien deed of trust of even date herewith from Grantee to \_\_\_\_\_, Trustee.]

**PROPERTY (INCLUDING ANY IMPROVEMENTS):** The real property situated in \_\_\_\_\_ County, Texas, and more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"), together with (a) all of Grantor's right, title and interest in and to the buildings, roads, fixtures, and other improvements situated on the Land (the "Improvements"), and (b) all and singular the rights and appurtenances pertaining to any of the foregoing, including without limitation, the right, title and interest of Grantor, if any, in and to adjacent streets, alleys, easements, rights-of-way, and rights of ingress and egress thereto. The Land and Improvements are sometimes collectively referred to herein as the "Property". Grantee, for itself and on behalf of its successors and assigns, hereby acknowledges and agrees that a portion of the boundary of the Land is a meander line that is at or a certain distance from the 1000' contour line (as defined below) of Possum Kingdom Lake (the "Lake"), and as such, the boundary of the Land will change as the 1000' contour line of the Lake changes due to natural forces, such as erosion and accretion. The "1000' contour line" means the line running along the periphery of the Lake if the surface of the Lake is at an elevation of 1000 feet above mean sea level, as measured from the top of the spillway crest gates of the Morris Sheppard Dam, as such line may move and shift from time to time due to natural forces, including erosion and accretion.

**EXCEPTIONS TO CONVEYANCE:** This conveyance is made and accepted subject to: (i) the encumbrances and other matters described on Exhibit B attached hereto and made a part hereof (the "Permitted Exceptions"), to the extent they are validly existing and affect the Property; (ii) standby fees, taxes and assessments by any taxing authority for the year 20\_\_ and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, the payment of all of which has been assumed by Grantee; (iii) all regulations, restrictions, laws, statutes, ordinances, obligations or other matters which affect the Property and which are imposed by or existing by reason of any regulatory, governmental or quasi-governmental districts, entities, agencies, authorities or other bodies of any kind or nature, including, without limitation, the Brazos River Authority ("Governmental Authorities"); (iv) all riparian rights, water rights, public access rights or other rights of any kind or nature which affect the Property and which are held by or relate to any Governmental Authorities or the public generally; and (v) all reservations, exceptions, covenants, conditions, restrictions and other matters expressly set forth herein, including, without limitation, the Restrictions (defined below).

Grantor, for the Consideration and subject to the Exceptions to Conveyance, grants, sells and conveys to Grantee the Property, to have and to hold it unto Grantee, and Grantee's heirs, successors and assigns forever, and Grantor does hereby bind Grantor and Grantor's heirs and successors to WARRANT AND FOREVER DEFEND, all and singular, the Property to Grantee and Grantee's heirs, successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor, but not otherwise, except as to the Exceptions to Conveyance.

The Brazos River Authority heretofore has excepted and expressly reserved unto itself, its successors and assigns, all right, title and interest in and to the oil, gas, coal, lignite, sulphur (and other mineral substances from which sulphur may be derived or produced), salt, potash, uranium, thorium, gypsum, mercury, zeolite, fluorspar, carbonaceous shale, bentonite (and other varieties of

clay), and all other minerals in, on or under the Land, wherever located and by whatever method recovered as well as the rights to lease and to grant ingress and egress rights to explore for and produce such minerals on the Property to the extent allowed by law; it being understood and agreed that this interest shall be for the benefit of and be owned by the Brazos River Authority, its respective successors and assigns, and that in no event by warranty, estoppel or otherwise, shall Grantee or Grantee's successors in interest acquire any part of said interest as a result of this conveyance.

The Brazos River Authority heretofore has excepted and expressly reserved unto itself, and its successors, assigns, and designees a perpetual right, power, privilege, and easement to occasionally overflow, flood, and submerge that portion of the Property located at or below the elevation contour of 1015' above mean sea level in connection with the Brazos River Authority's operation and maintenance of the Lake and the Project (defined below). Neither Grantor nor the Brazos River Authority shall have any liability to Grantee or its successors or assigns, or any lessees of all or any portion of the Property or any other person for any damages, claims, costs, injuries, or liabilities to any person or the Property or any improvements thereon (including Improvements) which are caused by or arise from such overflow or any act or omission by the Brazos River Authority in connection with the foregoing right and easement.

In that certain Special Warranty Deed (the "Authority Deed") filed of record and executed by the Brazos River Authority, as grantor thereunder, which conveyed the Brazos River Authority's interest in certain property at the Lake (including the Land) as further described in the Authority Deed, to Grantor (as grantee thereunder), the Brazos River Authority, as a previous fee simple owner of the Property and surrounding land, established those certain "Restrictions" (as defined in such Authority Deed and further described therein) to regulate the uses of the Property and the improvements placed on it. The Restrictions run with the land making up the Property, are binding on Grantee and Grantee's successors and assigns forever, are enforceable by Grantor and the Brazos River Authority, and inure to the benefit of Grantor, Grantee, the Brazos River Authority, and their respective successors and assigns forever. The Restrictions may not be modified or terminated, in whole or in part, except with the consent of Grantor, the Brazos River Authority and the owner of the Property, and then only by written instrument duly executed and acknowledged by the Grantor, Brazos River Authority and the owner of the Property and recorded in the office of the recorder of the counties in which the Property is situated. In addition, no structures or improvements that impact or artificially amend or alter the FERC Project Area, shoreline of the Lake (including the 1000' contour line), or the lakebed, shall be constructed on the Property by Grantee or Grantee's successors and assigns, without the prior written approval of the Brazos River Authority, in its sole discretion. The foregoing restriction runs with the land and is binding on Grantee and Grantee's successors and assigns forever, is enforceable by Grantor and the Brazos River Authority, and inures to the benefit of Grantor, the Brazos River Authority and Grantee and their respective successors and assigns forever.

**GRANTEE HEREBY EXPRESSLY ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS INVESTIGATION AND EXAMINATION OF THE PROPERTY AND GRANTEE HAS THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY THE GRANTEE IN ORDER TO ENABLE THE GRANTEE TO EVALUATE THE PURCHASE OF THE**



**PROPERTY. GRANTEE REPRESENTS THAT GRANTEE WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND SHALL RELY UPON SAME, AND HEREBY ASSUMES THE RISK OF ANY ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, THAT MAY NOT HAVE BEEN REVEALED BY GRANTEE'S INSPECTIONS AND INVESTIGATIONS. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT GRANTEE IS ACQUIRING THE PROPERTY ON AN "AS IS, WHERE IS" AND "WITH ALL FAULTS" BASIS, WITH ANY AND ALL LATENT AND PATENT DEFECTS, WITHOUT REPRESENTATION, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT FOR THE WARRANTY OF TITLE SPECIFICALLY SET FORTH HEREIN. GRANTEE HEREBY WAIVES AND RELINQUISHES ALL RIGHTS AND PRIVILEGES ARISING OUT OF, OR WITH RESPECT OR IN RELATION TO, ANY REPRESENTATIONS, WARRANTIES OR COVENANTS, WHETHER EXPRESS OR IMPLIED, WHICH MAY HAVE BEEN MADE OR GIVEN, OR WHICH MAY HAVE BEEN DEEMED TO HAVE BEEN MADE OR GIVEN BY GRANTOR, EXCEPT AS EXPRESSLY SET FORTH IN THE CONTRACT FOR SALE BY AND BETWEEN GRANTOR AND GRANTEE (THE "CONTRACT"). FURTHER, GRANTEE AGREES THAT GRANTOR IS NOT LIABLE TO GRANTEE FOR, AND GRANTEE HEREBY FULLY AND FINALLY RELEASES AND DISCHARGES GRANTOR, ITS PRINCIPALS, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, REPRESENTATIVES AND ATTORNEYS FROM, AND GRANTEE ASSUMES ALL RISK AND LIABILITY FOR, AND INDEMNIFIES, AND HOLDS GRANTOR HARMLESS FROM, ANY AND ALL CLAIMS FOR COSTS, EXPENSES, PENALTIES, LOSSES, LIABILITIES, DAMAGES, DEMANDS, ACTIONS OR CAUSES OF ACTION ARISING FROM OR RELATED TO THE OWNERSHIP, USE, PHYSICAL CONDITION, LOCATION, MAINTENANCE, REPAIR, OR OPERATION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS OR ENVIRONMENTAL CONDITIONS AFFECTING THE PROPERTY, WHETHER OR NOT SUCH CLAIM IS ALLEGED TO ARISE FROM THE NEGLIGENCE OF GRANTOR.**

**WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT GRANTOR IS NOT MAKING AND SPECIFICALLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, AS TO (I) MATTERS OF TITLE OTHER THAN AS EXPRESSLY PROVIDED HEREIN, (II) ZONING, (III) TAX CONSEQUENCES, (IV) PHYSICAL OR ENVIRONMENTAL CONDITIONS, INCLUDING THE CONDITION OF THE SOIL OR WATER, GEOLOGY, THE EXISTENCE OF HAZARDOUS OR TOXIC MATERIALS IN OR ON THE LAND, (V) AVAILABILITY OF UTILITIES OR OTHER SERVICES TO THE LAND, (VI) AVAILABILITY OF ACCESS, INGRESS OR EGRESS, (VII) OPERATING HISTORY OR PROJECTIONS, (VIII) VALUATION OR THE PRESENT OR FUTURE INCOME THAT MAY BE GENERATED FROM THE PROPERTY, (IX) GOVERNMENTAL APPROVALS, (X) GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER OR THING RELATING TO OR**

**AFFECTING THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (A) THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, HABITABILITY, SUITABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY, (B) THE MANNER OR QUALITY OF THE CONSTRUCTION OR THE WORKMANSHIP OR MATERIALS INCORPORATED INTO ANY OF THE PROPERTY, (C) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, AND (D) THE EXISTENCE OF KNOWN OR UNKNOWN FAULTS. GRANTEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT GRANTOR IS NOT REPRESENTING OR WARRANTING THAT ANYTHING CAN OR WILL BE ACCOMPLISHED THROUGH GRANTEE'S EFFORTS WITH REGARD TO THE PLANNING, OR PLATTING PROCESS OF ANY MUNICIPALITY, \_\_\_\_\_ COUNTY, OR ANY OTHER GOVERNMENTAL OR MUNICIPAL AUTHORITIES, BOARDS OR ENTITIES. GRANTEE FURTHER ACKNOWLEDGES THAT ALL OR A PORTION OF THE PROPERTY MAY NOT CURRENTLY MEET OR COMPLY WITH, AND GRANTOR HAS NOT WARRANTED, AND DOES NOT HEREBY WARRANT, THAT THE PROPERTY NOW MEETS OR COMPLIES WITH, OR IN THE FUTURE WILL MEET OR COMPLY WITH, THE REQUIREMENTS OF ANY SAFETY CODE, ENVIRONMENTAL LAW OR REGULATION OF THE STATE OF TEXAS, ANY MUNICIPALITY, THE COUNTY OF \_\_\_\_\_, OR ANY OTHER AUTHORITY (INCLUDING GRANTOR) OR JURISDICTION. GRANTEE FURTHER ACKNOWLEDGES THAT GRANTEE, AT GRANTEE'S EXPENSE, SHALL BE RESPONSIBLE FOR BRINGING SUCH PROPERTY INTO COMPLIANCE WITH ANY SUCH CODES OR REGULATIONS, AS APPLICABLE.**

**NOTWITHSTANDING ANY SEEMING CONTRADICTION, IT IS AGREED AND UNDERSTOOD THAT THE FOREGOING PROVISIONS ARE LIMITED SO AS TO NOT BE CONSTRUED AS DIMINISHING OR NEGATING (I) GRANTOR'S RESPONSIBILITY FOR ANY REPRESENTATIONS PROVIDED IN THE CONTRACT (BUT ONLY TO THE EXTENT EXPRESSLY PROVIDED AND FOR THE DURATION STATED), AND (II) ANY WARRANTY OF TITLE SET FORTH HEREIN.**

**[To be included if FERC License is not expired, terminated, or otherwise amended prior to closing to remove the FERC Buffer from the FERC Project Area:**

*The Brazos River Authority has heretofore excepted from their conveyance to Grantor and expressly reserved unto the Brazos River Authority, its successors and assigns, all right, title, interest in, and ownership of the FERC Buffer (defined below), and it is Grantor's intent that the conveyance of real property by this deed expressly excludes the FERC Buffer, it further being the intent of Grantor that the doctrine of strips and gores shall not apply to the FERC Buffer and Grantee shall have no right, title, or interest in and to the FERC Buffer except the executory interest provided for below. The "FERC Buffer" shall mean the real property situated in \_\_\_\_\_ County Texas, and more particularly described on Exhibit C attached hereto and made a part hereof, together with all of Grantor's right, title, and interest in and to the buildings and other improvements situated on the FERC Buffer.*

*Grantor, for the Consideration and subject to the Exceptions to Conveyance, grants, sells and conveys to Grantee an executory interest in the FERC Buffer, to hold from and after the date*

hereof, and which interest shall vest in Grantee (or its successors and assigns), if at all, at such time as either (a) the Federal Energy Regulatory Commission ("FERC") amends the FERC License to remove the FERC Buffer from the boundaries prescribed by the FERC License ("FERC Project Area") such that the FERC Buffer is no longer subject to regulation by FERC, or (b) the FERC License expires (and is not renewed) or is otherwise terminated and thus the FERC Buffer is no longer subject to regulation by FERC (such time of removal from FERC regulation being the "Time of Removal"). Upon satisfaction of the foregoing condition, this conveyance shall be automatically effective without necessity of further documentation.

To have and to hold the FERC Buffer (to the extent no longer subject to regulation by FERC) unto Grantee, and Grantee's heirs, successors and assigns, from and after the Time of Removal. Grantor does hereby bind Grantor and Grantor's heirs and successors to WARRANT AND FOREVER DEFEND, all and singular, the FERC Buffer to Grantee and Grantee's heirs, successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor, but not otherwise, except as to the Exceptions to Conveyance. From and after the date of the Time of Removal, the FERC Buffer (to the extent no longer subject to regulation by FERC) shall be considered to be a part of the Property conveyed by this deed, and all references to Land and Improvements shall be deemed to include all the land and improvements that relate to the FERC Buffer. If, as of the Time of Removal, Grantee has conveyed any part of the Property to another (a "Subsequent Grantee") the Subsequent Grantee shall be the beneficiary of the executory interest granted by this deed but only as to the portion of the FERC Buffer located adjacent to the Subsequent Grantee's property, as measured by extending the boundary lines on both sides of the Subsequent Grantee's property in a straight line across the FERC Buffer to the then current 1000' contour line of the Lake (or, if such portion cannot reasonably be measured as set forth above, then as otherwise determined by Grantor), and all right, title and interest in such adjacent portion of the FERC Buffer shall immediately vest in the Subsequent Grantee without the necessity of any additional written conveyance.

The Brazos River Authority has heretofore excepted and expressly reserved unto itself, and its successors, assigns, and designees, a perpetual, free of charge, nonexclusive easement, license, right and privilege in, to, on, over, under, along and across the FERC Buffer, in common with Grantee (or Subsequent Grantee, or its successors and assigns), for vehicular and/or pedestrian access to and from (and from and to) the Brazos River Authority's property and the Lake for the purpose of allowing the Brazos River Authority to access the Brazos River Authority's property and the Lake and to permit the Brazos River Authority to fulfill its obligations as a river authority, licensee under the FERC License, or any other obligations of the Brazos River Authority pursuant to state water rights or governmental regulations. Notwithstanding anything herein to the contrary, if the Time of Removal does not occur on or before the earlier of (i) August 31, 2040 (such date being the 21<sup>st</sup> anniversary of the expiration date [before any extensions or renewals] of the FERC License in effect as of the Effective Date of this deed), or (ii) ten days after the expiration (including any extensions or renewals) of the FERC License in effect as of the Effective Date of this deed, then any executory interest of Grantee or any Subsequent Grantee(s) in and to any portion of the FERC Buffer not removed from the FERC License prior to such date shall be null and void and of no further force or effect.]

[Lender, at Grantee's request, has paid in cash to Grantor that portion of the purchase price of the Property that is evidenced by the note. The first and superior vendor's lien against the Property is retained for the benefit of Lender, and Lender will hold superior title in and to the Property and the title in the Grantee will not become absolute until the note is paid in full according to the face, effect and reading thereof. ]

[Provision for no merger of leasehold if there is a current lien holder.]

[SIGNATURE AND ACKNOWLEDGMENT PAGES OF GRANTOR IMMEDIATELY  
FOLLOWS]

[GRANTOR'S SIGNATURE AND ACKNOWLEDGMENT PAGE]

**GRANTOR:**

PATTERSON PK LAND PARTNERSHIP, LTD.,  
a Texas limited partnership

By: PATTERSON PK LAND  
MANAGEMENT GP, LLC, a Texas limited  
liability company, its general partner

By: \_\_\_\_\_  
Name: Michael H. Patterson  
Title: Manager

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

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2010, by Michael H. Patterson, Manager of Patterson PK Land Management GP, LLC, a Texas limited liability company, general partner of Patterson PK Land Partnership, Ltd., a Texas limited partnership, on behalf of such limited liability company and limited partnership.

\_\_\_\_\_  
Notary Public in and for the State of Texas

**EXHIBIT A TO DEED**

Legal Description of the Land

## **EXHIBIT B TO DEED**

### Permitted Exceptions

INCLUDING WITHOUT LIMITATION, (i) the standard printed exception for taxes for 20\_\_\_\_ and subsequent years; (ii) the standard printed exception for shortages in area (and the balance of the standard printed exception pertaining to boundaries and encroachments unless deleted, at Grantee's option and expense, to the extent permitted by applicable regulations); (iii) the terms and conditions of any access easements or other rights reserved by or granted to Grantor in connection with the closing; (iv) the easements, covenants, and restrictions contained in the Declaration, (v) any and all leases on the Property and rights of parties in possession and any memoranda of any such leases; (vi) any and all easements, rights-of-way, and other matters whether or not of record, and those visible and apparent on the Property, affecting or related to it (including, without limitation, any easements or agreements, whether or not recorded, between Grantor and the Water Supply Corporation for the installation, maintenance, repair, or replacement of water lines located beneath the Property); (vii) any other matters that become Permitted Exceptions pursuant to the terms of the Contract including, without limitations, those matters set forth in the Contract between Grantor and Grantee, including but not limited to Section 23 of the Sales Contract which provides for Grantor's right create (before or after this conveyance to Grantee) a mandatory property owner association with the power to impose dues, liens and assessments against the Property and:

[X] See attached Schedule B from Grantee's Owner Title Commitment

OTHER:

**EXHIBIT C TO DEED**

**FERC Buffer**



**ASSIGNMENT OF LEASE**

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

Assignor: PATTERSON PK LAND PARTNERSHIP, LTD., a Texas limited partnership

Assignee: \_\_\_\_\_

Lease:

Assignee’s lease agreement (and any amendments thereto) with the Brazos River Authority for the property described therein, including the property located within the FERC Buffer.

Assignor assigns to Assignee Assignor’s interest in the Lease, to the extent such Lease pertains to the Property conveyed to Assignee pursuant to that certain Special Warranty Deed dated of even date herewith. At such time as the executory interest in the FERC Buffer located adjacent to Assignee’s Property (or any portion thereof) is triggered (all as further set forth in the Deed), then Assignee's Property shall be deemed to include that adjacent portion of the FERC Buffer no longer regulated by the FERC License and this Assignment of Lease and Assignee's obligations hereunder shall include the Lease to the extent such Lease covers that portion of the FERC Buffer located adjacent to the Property and no longer regulated by the FERC License, without the necessity of any additional documentation.

All rent payable under such Lease is hereby assigned to Assignee.

Assignee accepts the premises in their present “AS IS” condition.

**ASSIGNOR:**

PATTERSON PK LAND PARTNERSHIP, LTD.,  
a Texas limited partnership

By: PATTERSON PK LAND MANAGEMENT GP, LLC, a Texas limited liability company, its general partner

By: \_\_\_\_\_  
Name: Michael H. Patterson  
Title: Manager

**ASSIGNEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PROMISSORY NOTE**

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

Borrower: \_\_\_\_\_

Borrower's Mailing Address: **[include county]**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Lender: **Patterson PK Land Partnership, LTD.**

Place for Payment:

**Patterson PK Land Partnership, LTD.  
2310 West Interstate 20, Suite 100  
Arlington, Tarrant County, Texas 76017**

Principal Amount: \_\_\_\_\_ and no/100 Dollars –  
(\$\_\_\_\_\_ .00)

Annual Interest Rate: **Six Percent -- (6.000%)**

Maturity Date: \_\_\_\_\_ [30 years from date set forth above]

Annual Interest Rate on Matured, Unpaid Amounts: **Six Percent -- (6.000%)**

**Terms of Payment (principal and interest): The Principal Amount and interest are due and payable in equal annual installments of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), on \_\_\_\_\_ of each year, beginning \_\_\_\_\_ and continuing annually until the Principal Amount 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.**

**If any installment becomes overdue for more than fifteen (15) days, at Lender's option a late payment charge of five percent (5%) may be charged Borrower.**

**The principal and interest on this Note may be prepaid at any time in whole or in part without premium or penalty, and each such partial prepayment shall be applied to the next ensuing installment or installments of principal or interest as the case may be.**

Security for Payment:

**This Note is secured by a Vendor's Lien and Deed of Trust (the "Deed of Trust") on a tract of land being more particularly described by metes and bounds in Exhibit "A", attached hereto and made a part hereof for all purposes (the "Land") and an executory interest in that portion of the FERC Buffer located immediately adjacent to Grantee's Land as described in Exhibit "A-1" attached hereto, which executory interest will run with the land**

**and inure to the benefit of the successors-in-interest to Grantee. Grantee will be the holder of such executory interest, as it applies to that portion of the FERC Buffer located immediately adjacent to the Grantee's purchased lot, measured by extending the common boundary lines on both sides of the lot being purchased in a straight line to the then current 1000' contour line (which is and will remain a meander line that changes over time, due to natural forces, such as accretion and erosion), or, if such portion cannot reasonably be measured as set forth above, then as otherwise determined by Grantor. Any conveyance of the Land described in Exhibit A shall include a conveyance of the executory interest in the adjacent FERC Buffer as described in Exhibit "A-1" until such time as the executory interest is triggered. The executory interest shall be triggered at such time as the FERC License (including any renewals or extensions thereof) no longer applies to such FERC Buffer; provided however, if such executory interest is not triggered on or before the earlier of August 31, 2040 (such date being the 21st anniversary after the expiration of the existing FERC License before any extensions or renewals), or ten days after the expiration (including any extensions or renewals) or termination of the existing FERC License, then such executory interest shall be terminated and of no further force or effect. Upon timely satisfaction of the condition set forth above, this conveyance shall be automatically effective without necessity of further documentation. The Brazos River Authority has reserved access to the FERC Project Area and Possum Kingdom Lake to allow the Brazos River Authority to fulfill its obligations as a River Authority, licensee under the FERC License, or any other obligations pursuant to state water rights or governmental regulations ("Property").**

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. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

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. 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.

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.

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.

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

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

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**[Name of borrower]**

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**[Name of borrower]**

AFTER RECORDING RETURN TO:  
Michael H. Patterson  
2310 West Interstate 20, Suite 100  
Arlington, Texas 76017

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**DEED OF TRUST**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER AND/OR YOUR DRIVER'S LICENSE NUMBER.**

**Terms**

Date: Executed on the date set forth in the acknowledgement herein, but to be effective the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Grantor: \_\_\_\_\_

Grantor's Mailing Address: [include county]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Trustee: **Michael H. Patterson**

Trustee's Mailing Address:

**2310 West Interstate 20, Suite 100,  
Arlington, Tarrant County, Texas 76017**

Lender: **Patterson PK Land Partnership, LTD.**

Lender's Mailing Address:

**2310 West Interstate 20, Suite 100,  
Arlington, Tarrant County, Texas 76017**

Obligation

Note

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

Original principal amount: \_\_\_\_\_

Borrower: \_\_\_\_\_

Lender: **Patterson PK Land Partnership, LTD.**

Maturity date: **As therein provided.**

Property (including any improvements): **A tract of land being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Land") and an executory interest in that portion of the FERC Buffer located immediately adjacent to Grantor's Land as described in Exhibit "A-1" attached hereto, which executory interest will run with the land and inure to the benefit of the successors-in-interest to Grantor. Grantor will be the holder of such executory interest, as it applies to that portion of the FERC Buffer located immediately adjacent to the Grantor's purchased lot, measured by extending the common boundary lines on both sides of the lot being purchased in a straight line to the then current 1000' contour line (which is and will remain a meander line that changes over time, due to natural forces, such as accretion and erosion), or, if such portion cannot reasonably be measured as set forth above, then as otherwise determined by Lender. Any conveyance of the Land described in Exhibit A shall**

**include a conveyance of the executory interest in the adjacent FERC Buffer as described in Exhibit "A-1" until such time as the executory interest is triggered. The executory interest shall be triggered at such time as the FERC License (including any renewals or extensions thereof) no longer applies to such FERC Buffer; provided however, if such executory interest is not triggered on or before the earlier of August 31, 2040 (such date being the 21st anniversary after the expiration of the existing FERC License before any extensions or renewals), or ten days after the expiration (including any extensions or renewals) or termination of the existing FERC License, then such executory interest shall be terminated and of no further force or effect. Upon timely satisfaction of the condition set forth above, this conveyance shall be automatically effective without necessity of further documentation. The Brazos River Authority has reserved access to the FERC Project Area and Possum Kingdom Lake to allow the Brazos River Authority to fulfill its obligations as a River Authority, licensee under the FERC License, or any other obligations pursuant to state water rights or governmental regulations and any leasehold interest assigned by Lender to Grantor by Assignment of Lease of even date herewith("Property").**

Prior Lien: **None**

Other Exceptions to Conveyance and Warranty: **This conveyance is given and accepted subject to any and all restrictions, reservations, covenants, conditions, rights of way, easements, governmental laws, regulations and ordinances, if any, affecting the herein described Property.**

For value received and to secure payment of the Obligation, Grantor conveys the Property to Trustee in trust. Grantor warrants and agrees to defend the title to the Property, subject to the Other Exceptions to Conveyance and Warranty. On payment of the Obligation and all other amounts secured by this deed of trust, this deed of trust will have no further effect, and Lender will release it at Grantor's expense.

#### **Clauses and Covenants**

##### **A. Grantor's Obligations**

Grantor agrees to—

1. pay all taxes and assessments on the Property before delinquency;
2. notify Lender of any change of address.

##### **B. Lender's Rights**

1. Lender or Lender's mortgage servicer may appoint in writing one or more substitute trustees, succeeding to all rights and responsibilities of Trustee.

2. If the proceeds of the Obligation are used to pay any debt secured by prior liens, Lender is subrogated to all the rights and liens of the holders of any debt so paid.

3. Notwithstanding the terms of the Note to the contrary, and unless applicable law prohibits, all payments received by Lender from Grantor with respect to the Obligation or this deed of trust may, at Lender's discretion, be applied first to amounts payable under this deed of trust and then to amounts due and payable to Lender with respect to the Obligation, to be applied to late charges, principal, or interest in the order Lender in its discretion determines.

4. If Grantor fails to perform any of Grantor's obligations, Lender may perform those obligations and be reimbursed by Grantor on demand for any amounts so paid, including attorney's fees, plus interest on those amounts from the dates of payment at the rate stated in the Note for matured, unpaid amounts. The amount to be reimbursed will be secured by this deed of trust.

5. If there is a default on the Obligation or if Grantor fails to perform any of

Grantor's obligations and the default continues after any required notice of the default and the time allowed to cure, Lender may—

- a. declare the unpaid principal balance and earned interest on the Obligation immediately due;
  - b. direct Trustee to foreclose this lien, in which case Lender or Lender's agent will cause notice of the foreclosure sale to be given as provided by the Texas Property Code as then in effect; and
  - c. purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Obligation.
6. Lender may remedy any default without waiving it and may waive any default without waiving any prior or subsequent default.

**C. Trustee's Rights and Duties**

If directed by Lender to foreclose this lien, Trustee will—

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then in effect;
2. sell and convey all or part of the Property "AS IS" to the highest bidder for cash with a general warranty binding Grantor, subject to the Prior Lien and to the Other Exceptions to Conveyance and Warranty and without representation or warranty, express or implied, by Trustee;
3. from the proceeds of the sale, pay, in this order—
  - a. expenses of foreclosure, including a reasonable commission to Trustee;
  - b. to Lender, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
  - c. any amounts required by law to be paid before payment to Grantor; and
  - d. to Grantor, any balance; and
4. be indemnified, held harmless, and defended by Lender against all costs, expenses, and liabilities incurred by Trustee for acting in the execution or enforcement of the trust created by this deed of trust, which includes all court and other costs, including attorney's fees, incurred by Trustee in defense of any action or proceeding taken against Trustee in that capacity.

**D. General Provisions**

1. If any of the Property is sold under this deed of trust, Grantor must immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor will become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any trustee's deed conveying the Property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien will remain superior to liens later created even if the time of payment of all or part of the Obligation is extended or part of the Property is released.
5. If any portion of the Obligation cannot be lawfully secured by this deed of trust, payments will be applied first to discharge that portion.
6. Grantor assigns to Lender all amounts payable to or received by Grantor from condemnation of all or part of the Property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the Property. After deducting any



expenses incurred, including attorney's fees and court and other costs, Lender will either release any remaining amounts to Grantor or apply such amounts to reduce the Obligation. Lender will not be liable for failure to collect or to exercise diligence in collecting any such amounts. Grantor will immediately give Lender notice of any actual or threatened proceedings for condemnation of all or part of the Property.

7. Interest on the debt secured by this deed of trust will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the debt.

8. In no event may this deed of trust secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

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

10. The term *Note* includes all extensions, modifications, and renewals of the Note and all amounts secured by this deed of trust.

11. This deed of trust binds, benefits, and may be enforced by the successors in interest of all parties.

12. Grantor and each surety, endorser, and guarantor of the Obligation 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.

13. Grantor agrees to pay reasonable attorney's fees, trustee's fees, and court and other costs of enforcing Lender's rights under this deed of trust if this deed of trust is placed in the hands of an attorney for enforcement.

14. If any provision of this deed of trust is determined to be invalid or unenforceable, the validity or enforceability of any other provision will not be affected.

15. The term *Lender* includes any mortgage servicer for Lender.

16. Grantor represents that this deed of trust and the Note are given for the following purposes: The debt evidenced by the Note is in part payment of the purchase price of the Property; the debt is secured both by this deed of trust and by a vendor's lien on the Property, which is expressly retained in a deed to Grantor of even date. This deed of trust does not waive the vendor's lien, and the two liens and the rights created by this deed of trust are cumulative. Lender may elect to foreclose either of the liens without waiving the other or may foreclose both.

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[Name of grantor]

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[Name of grantor]

(INDIVIDUAL ACKNOWLEDGMENT)

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

}

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

This instrument was acknowledged before me on

\_\_\_\_\_ by,

(date)

\_\_\_\_\_  
(name or names of person or persons acknowledging).

(Signature of officer)

\_\_\_\_\_

(Title of officer)

\_\_\_\_\_

My Commission Expires:

\_\_\_\_\_

**EXHIBIT B TO SALES CONTRACT**

**SELLER'S DISCLOSURE NOTICE**

CONCERNING THE PROPERTY AT: See address in attached Sales Contract \_\_\_\_\_

**THIS NOTICE IS A DISCLOSURE OF SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED BY SELLER AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PURCHASER MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER OR SELLER'S AGENTS.**

Seller \_\_\_ is X is not occupying the Property.

If unoccupied, how long since Seller has occupied the Property? **Never**

1. The Property has the items checked below:

Write Yes (Y), No (N), or Unknown (U).

|                          |                                   |                          |
|--------------------------|-----------------------------------|--------------------------|
| <u>U</u> Range           | <u>U</u> Oven                     | <u>U</u> Microwave       |
| <u>U</u> Dishwasher      | <u>U</u> Trash Compactor          | <u>U</u> Disposal        |
| <u>U</u> Washer/Dryer    | <u>U</u> Window                   | <u>U</u> Rain Gutters    |
| Hookups                  | Screens                           |                          |
| <u>U</u> Security System | <u>U</u> Fire Detection Equipment | <u>U</u> Intercom System |
|                          | <u>U</u> Smoke Detector           |                          |
|                          | <u>U</u> Smoke Detector -         |                          |
|                          | Hearing Impaired                  |                          |
|                          | <u>U</u> Carbon Monoxide          |                          |
|                          | Alarm                             |                          |
|                          | <u>U</u> Emergency Escape         |                          |
|                          | Ladder(s)                         |                          |
| <u>U</u> TV Antenna      | <u>U</u> Cable TV                 | <u>U</u> Satellite       |
|                          | Wiring                            | Dish                     |
| <u>U</u> Ceiling Fan(s)  | <u>U</u> Attic Fan(s)             | <u>U</u> Exhaust         |
|                          |                                   | Fan(s)                   |
| <u>U</u> Central A/C     | <u>U</u> Central Heating          | <u>U</u> Wall/Window Air |
|                          |                                   | Conditioning             |
| <u>U</u> Plumbing System | <u>U</u> Septic System            | <u>N</u> Public Sewer    |
|                          |                                   | System                   |
| <u>U</u> Patio/Decking   | <u>U</u> Outdoor Grill            | <u>U</u> Fences          |

|                                 |                            |                         |
|---------------------------------|----------------------------|-------------------------|
| <u>U</u> Pool                   | <u>U</u> Sauna             | <u>U</u> Spa            |
|                                 |                            | <u>U</u> Hot Tub        |
| <u>U</u> Pool Equipment         | <u>U</u> Pool Heater       | <u>U</u> Automatic Lawn |
|                                 |                            | Sprinkler               |
|                                 |                            | System                  |
| <u>U</u> Fireplace(s) &         |                            | <u>U</u> Fireplace(s) & |
| Chimney                         |                            | Chimney                 |
| (Woodburning)                   |                            | (Mock)                  |
| <u>U</u> Gas Lines              |                            | <u>U</u> Gas Fixtures   |
| (Nat./LP)                       |                            |                         |
| Garage: <u>U</u> Attached       | <u>U</u> Not Attached      | <u>U</u> Carport        |
| Garage Door Opener(s): <u>U</u> | <u>U</u> Electronic        | <u>U</u> Control(s)     |
| Water Heater: <u>U</u>          | <u>U</u> Gas               | <u>U</u> Electric       |
| Water Supply: <u>N</u> City     | <u>U</u> Well <u>U</u> MUD | <u>U</u> Co-op          |

Roof Type: U Age: U (approx)

Are you (Seller) aware of any of the above items that are not in working condition, that have known defects, or that are in need of repair? U Yes U No U Unknown.

If yes, then describe. (Attach additional sheets if necessary):

NA

2. Does the property have working smoke detectors installed in accordance with the smoke detector requirements of Chapter 766, Health and Safety Code? U Yes U No U Unknown.

If the answer to the question above is no or unknown, explain. (Attach additional sheets if necessary): U

3. Are you (Seller) aware of any known defects/malfunctions in any of the following?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|                                      |                                 |                               |
|--------------------------------------|---------------------------------|-------------------------------|
| <u>N</u> Interior Walls              | <u>N</u> Ceilings               | <u>N</u> Floors               |
| <u>N</u> Exterior Walls              | <u>N</u> Doors                  | <u>N</u> Windows              |
| <u>N</u> Roof                        | <u>N</u> Foundation/<br>Slab(s) | <u>N</u> Basement             |
| <u>N</u> Walls/Fences                | <u>N</u> Driveways              | <u>N</u> Sidewalks            |
| <u>N</u> Plumbing/Sewers/<br>Septics | <u>N</u> Electrical<br>Systems  | <u>N</u> Lighting<br>Fixtures |

N Other Structural Components (Describe): N Other Structural Components (Describe):

NA

If the answer to any of the above is yes, explain. (Attach additional sheets if necessary):

NA

4. Are you (Seller) aware of any of the following conditions?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|  |  |  |
|--|--|--|
| <u>N</u> Active Termites<br>(includes wood-destroying insects) |  | <u>N</u> Previous Structural<br>or Roof Repair |
| <u>N</u> Termite or Wood Rot Damage<br>Needing Repair          |  | <u>N</u> Hazardous or Toxic Waste              |
| <u>N</u> Previous Termite Damage                               |  | <u>N</u> Asbestos Components                   |
| <u>N</u> Previous Termite<br>Treatment                         |  | <u>N</u> Urea formaldehyde<br>Insulation       |
| <u>N</u> Previous Flooding                                     |  | <u>N</u> Radon Gas                             |
| <u>N</u> Improper Drainage                                     |  | <u>N</u> Lead Based Paint                      |
| <u>N</u> Water Penetration                                     |  | <u>N</u> Aluminum Wiring                       |
| <u>N</u> Located in 100-Year<br>Floodplain                     |  | <u>N</u> Previous Fires                        |
| <u>N</u> Present Flood Insurance<br>Coverage                   |  | <u>N</u> Unplatted Easements                   |
| <u>N</u> Landfill, Settling, Soil<br>Movement, Fault Lines     |  | <u>N</u> Subsurface<br>Structure or Pits       |

If the answer to any of the above is yes, explain. (Attach additional sheets if necessary):

NA

5. Are you (Seller) aware of any item, equipment, or system in or on the property that is in need of repair?    Yes (if you are aware) N No (if you are not aware). If yes, explain (attach additional sheets as necessary).

NA

6. Are you (Seller) aware of any of the following?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|          |   |
|----------|---|
| <u>N</u> | Room additions, structural modifications, or other alterations or repairs made without necessary permits or not in compliance with building codes in effect at that time. |
| <u>Y</u> | Homeowners' Association or maintenance fees or assessments.   |
| <u>N</u> | Any "common area" (facilities such as pools, tennis courts, walkways, or other areas) co-owned in undivided interest with others.   |
| <u>N</u> | Any notices of violations of deed restrictions or governmental ordinances affecting the condition or use of the   |

|          |  |
|----------|--|
|          | Property.  |
| <u>N</u> | Any lawsuits directly or indirectly affecting the Property.  |
| <u>N</u> | Any condition on the Property which materially affects the physical health or safety of an individual. |


If the answer to any of the above is yes, explain. (Attach additional sheets if necessary):

NA

Seller

**Patterson PK Land Partnership, LTD.**

**By: Patterson PK Land Management GP, LLC, General Partner**

By:  \_\_\_\_\_ June 1, 2009 \_\_\_\_\_  
 Michael H. Patterson, Manager Date

The undersigned purchaser hereby acknowledges receipt of the foregoing notice and acknowledges the property complies with the smoke detector requirements of Chapter 766, Health and Safety Code, or, if the property does not comply with the smoke detector requirements of Chapter 766, the buyer waives the buyer's rights to have smoke detectors installed in compliance with Chapter 766.

Purchaser

\_\_\_\_\_  
 Date Signature of Purchaser

\_\_\_\_\_  
 Date Signature of Purchaser

\_\_\_\_\_  
 Date Signature of Purchaser

\_\_\_\_\_  
 Date Signature of Purchaser

**EXHIBIT C TO SALES CONTRACT**

**Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards**

Lead Warning Statement..... Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller s possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

---

Seller's Disclosure (initial)

(a) Presence of lead-based paint and/or lead-based paint hazards (check one below)

Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

---

---

Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check one below):

Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

---

---

Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

---

Purchaser's Acknowledgment (initial)

(c) Purchaser has received copies of all information listed above.

(d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check one below):

Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

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**Agent's Acknowledgment (initial)**

**(f) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.**

NA  
\_\_\_\_\_  
**Certification of Accuracy**

**The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.**

**Seller**

**Patterson PK Land Partnership, LTD.**

**By: Patterson PK Land Management GP, LLC, General Partner**



**By: \_\_\_\_\_  
Michael H. Patterson, Manager**

**June 1, 2009  
Date**

**Agent NA \_\_\_\_\_**

**Date \_\_\_\_\_**

**Purchaser \_\_\_\_\_**

**Date \_\_\_\_\_**

**Purchaser \_\_\_\_\_**

**Date \_\_\_\_\_**

**Purchaser \_\_\_\_\_**

**Date \_\_\_\_\_**

**Purchaser \_\_\_\_\_**

**Date \_\_\_\_\_**



## **EXHIBIT D TO SALES CONTRACT**

### **PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME**

**\*Simple Steps To Protect Your Family From Lead Hazards\***

If you think your home has high levels of lead:

- Get your young children tested for lead, even if they seem healthy.
- Wash children's hands, bottles, pacifiers, and toys often.
- Make sure children eat healthy, low-fat foods.
- Get your home checked for lead hazards.
- Regularly clean floors, window sills, and other surfaces.
- Wipe soil off shoes before entering house.
- Talk to your landlord about fixing surfaces with peeling or chipping paint.
- Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- Don't use a belt-sander, propane torch, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
- Don't try to remove lead-based paint yourself.

**ARE YOU PLANNING TO BUY, RENT, OR RENOVATE A HOME BUILT BEFORE 1978?**

Many houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly. By 1996, federal law will require that individuals receive certain information before renting, buying, or renovating pre-1978 housing:

**LANDLORDS** will have to disclose known information on lead-based paint hazards before leases take effect. Leases will include a federal form about lead-based paint.

**SELLERS** will have to disclose known information on lead-based paint hazards before selling a house. Sales contracts will include a federal form about lead-based paint in the building. Buyers will have up to 10 days to check for lead hazards.

**RENOVATORS** will have to give you this pamphlet before starting work.

If you want more information on these requirements, call the National Lead Information Clearinghouse at 1-800-424-LEAD.

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not necessarily provide complete protection in all situations or against all health hazards that can be caused by lead exposure.

## IMPORTANT!

**\*Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly\***

**FACT:** Lead exposure can harm young children and babies even before they are born.

**FACT:** Even children that seem healthy can have high levels of lead in their bodies.

**FACT:** People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips with lead in them.

**FACT:** People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

**FACT:** Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

## LEAD GETS IN THE BODY IN MANY WAYS

**\*1 out of every 11 children in the United States has dangerous levels of lead in the bloodstream.\***

**\*Even children who appear healthy can have dangerous levels of lead.\***

People can get lead in their body if they:

- Put their hands or other objects covered with lead dust in their mouths.
- Eat paint chips or soil that contain lead.
- Breathe in lead dust (especially during renovations that disturb painted surfaces).

Lead is even more dangerous to children than adults because:

- Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.
- Children's growing bodies absorb more lead.
- Children's brains and nervous systems are more sensitive to the damaging effects of lead.

## Lead's Effects

If not detected early, children with high levels of lead in their bodies can suffer from:

- Damage to the brain and nervous system
- Behavior and learning problems (such as hyperactivity)
- Slowed growth
- Hearing problems
- Headaches

Lead is also harmful to adults. Adults can suffer from:

- Difficulties during pregnancy
- Other reproductive problems (in both men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain

\*Lead affects the body in many ways.\*

#### CHECKING YOUR FAMILY FOR LEAD

\*Get your children tested if you think your home has high levels of lead.\*

A simple blood test can detect high levels of lead. Blood tests are important for:

- Children who are 6 months to 1 year old (6 months if you live in an older home that might have lead in the paint).
- Family members that you think might have high levels of lead.

If your child is older than 1 year, talk to your doctor about whether your child needs testing.

Your doctor or health center can do blood tests. They are inexpensive and sometimes free. Your doctor will explain what the test results mean. Treatment can range from changes in your diet to medication or a hospital stay.

#### WHERE LEAD-BASED PAINT IS FOUND

\*In general, the older your home, the more likely it has lead-based paint. \*

Many homes built before 1978 have lead-based paint. In 1978, the federal government banned lead-based paint from housing. Lead can be found:

- In homes in the city, country, or suburbs.
- In apartments, single-family homes, and both private and public housing.
- Inside and outside of the house.
- In soil around a home. (Soil can pick up lead from exterior paint, or other sources such as past use of leaded gas in cars.)

#### WHERE LEAD IS LIKELY TO BE A HAZARD

\*Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards.\*

Lead-based paint that is in good condition is usually not a hazard.

Peeling, chipping, chalking, or cracking lead-based paint is a hazard and needs immediate attention.

Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear. These areas include:

- Windows and window sills.
- Doors and door frames.
- Stairs, railings, and banisters.
- Porches and fences.

Lead dust can form when lead-based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can reenter the air when people vacuum, sweep, or walk through it.

Lead in soil can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. Call your state agency (see below) to find out about soil testing for lead.

## CHECKING YOUR HOME FOR LEAD HAZARDS

\*Just knowing that a home has lead-based paint may not tell you if there is a hazard.\*

You can get your home checked for lead hazards in one of two ways, or both:

- A paint inspection tells you the lead content of every painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- A risk assessment tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Have qualified professionals do the work. The federal government is writing standards for inspectors and risk assessors. Some states might already have standards in place. Call your state agency for help with locating qualified professionals in your area (see below).

Trained professionals use a range of methods when checking your home, including:

- Visual inspection of paint condition and location.
- Lab tests of paint samples.
- Surface dust tests.
- A portable x-ray fluorescence machine.

Home test kits for lead are available, but the federal government is still testing their reliability. These tests should not be the only method used before doing renovations or to assure safety.

## WHAT YOU CAN DO NOW TO PROTECT YOUR FAMILY

If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

- If you rent, notify your landlord of peeling or chipping paint.
- Clean up paint chips immediately.
- Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.
- Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- Wash children's hands often, especially before they eat and before nap time and bed time.
- Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- Keep children from chewing window sills or other painted surfaces.
- Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- Make sure children eat nutritious, low-fat meals high in iron and calcium, such as spinach and low-fat dairy products. Children with good diets absorb less lead.

#### HOW TO SIGNIFICANTLY REDUCE LEAD HAZARDS

\*Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.\*

\*Always use a professional who is trained to remove lead hazards safely.\*

In addition to day-to-day cleaning and good nutrition:

- You can temporarily reduce lead hazards by taking actions like repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will not eliminate all risks of exposure.
- To permanently remove lead hazards, you must hire a lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not enough.

Always hire a person with special training for correcting lead problems--someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. If possible, hire a certified lead abatement contractor. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Call your state agency (see below) for help with locating qualified contractors in your area and to see if financial assistance is available.

#### REMODELING OR RENOVATING A HOME WITH LEAD-BASED PAINT

\*If not conducted properly, certain types of renovations can release lead from paint and dust into the air.\*

Take precautions before you begin remodeling or renovations that disturb painted surfaces (such as scraping off paint or tearing out walls):

- Have the area tested for lead-based paint.
- Do not use a dry scraper, belt-sander, propane torch, or heat gun to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- Temporarily move your family (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- Follow other safety measures to reduce lead hazards. You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined above in this brochure.

#### OTHER SOURCES OF LEAD

\*While paint, dust, and soil are the most common lead hazards, other lead sources also exist.\*

- Drinking water. Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
  - Use only cold water for drinking and cooking.
  - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- The job. If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your clothes separately from the rest of your family's.
- Old painted toys and furniture.
- Food and liquids stored in lead crystal or lead-glazed pottery or porcelain.
- Lead smelters or other industries that release lead into the air.
- Hobbies that use lead, such as making pottery or stained glass, or refinishing furniture.
- Folk remedies that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.

#### FOR MORE INFORMATION

The National Lead Information Center

Call 1-800-LEAD-FYI to learn how to protect children from lead poisoning.

For other information on lead hazards, call the center's clearinghouse at 1-800-424-LEAD. For the hearing impaired, call, TDD 1-800-526-5456 (FAX: 202-659-1192, Internet: EHC@CAIS.COM).

## EPA's Safe Drinking Water Hotline

Call 1-800-426-4791 for information about lead in drinking water.

## Consumer Product Safety Commission Hotline

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call 1-800-638-2772. (Internet: [info@cpsc.gov](mailto:info@cpsc.gov)). For the hearing impaired, call TDD 1-800-638-8270.

## STATE HEALTH AND ENVIRONMENTAL AGENCIES

Some cities and states have their own rules for lead-based paint activities. Check with your state agency (listed below) to see if state or local laws apply to you. Most state agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards.

### State/Region Phone Number

Alabama (205) 242-5661  
Alaska (907) 465-5152  
Arkansas (501) 661-2534  
Arizona (602) 542-7307  
California (510) 450-2424  
Colorado (303) 692-3012  
Connecticut (203) 566-5808  
Washington, DC (202) 727-9850  
Delaware (302) 739-4735  
Florida (904) 488-3385  
Georgia (404) 657-6514  
Hawaii (808) 832-5860  
Idaho (208) 332-5544  
Illinois (800) 545-2200  
Indiana (317) 382-6662  
Iowa (800) 972-2026  
Kansas (913) 296-0189  
Kentucky (502) 564-2154  
Louisiana (504) 765-0219  
Massachusetts (800) 532-9571  
Maryland (410) 631-3859  
Maine (207) 287-4311  
Michigan (517) 335-8885  
Minnesota (612) 627-5498  
Mississippi (601) 960-7463  
Missouri (314) 526-4911  
Montana (406) 444-3671  
Nebraska (402) 471-2451  
Nevada (702) 687-6615  
New Hampshire (603) 271-4507  
New Jersey (609) 633-2043  
New Mexico (505) 841-8024  
New York (800) 458-1158

North Carolina (919) 715-3293  
North Dakota (701) 328-5188  
Ohio (614) 466-1450  
Oklahoma (405) 271-5220  
Oregon (503) 248-5240  
Pennsylvania (717) 782-2884  
Rhode Island (401) 277-3424  
South Carolina (803) 935-7945  
South Dakota (605) 773-3153  
Tennessee (615) 741-5683  
Texas (512) 834-6600  
Utah (801) 536-4000  
Vermont (802) 863-7231  
Virginia (800) 523-4019  
Washington (206) 753-2556  
West Virginia (304) 558-2981  
Wisconsin (608) 266-5885  
Wyoming (307) 777-7391

#### EPA REGIONAL OFFICES

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

#### EPA Regional Offices

Region 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)  
John F. Kennedy Federal Building  
One Congress Street  
Boston, MA 02203  
(617) 565-3420

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands) Building 5  
2890 Woodbridge Avenue  
Edison, NJ 08837-3679  
(908) 321-6671

Region 3 (Delaware, Washington DC, Maryland, Pennsylvania, Virginia, West Virginia)  
841 Chestnut Building  
Philadelphia, PA 19107  
(215) 597-9800

Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)  
61 Alabama St., SW  
Atlanta, GA 30303-3104  
(404) 562-8956

Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)  
77 West Jackson Boulevard



Chicago, IL 60604-3590  
(312) 886-6003

Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas) First Interstate Bank Tower  
1445 Ross Avenue, 12th Floor, Suite 1200 Dallas, TX 75202-2733  
(214) 665-7244

Region 7 (Iowa, Kansas, Missouri, Nebraska) 726 Minnesota Avenue  
Kansas City, KS 66101  
(913) 551-7020

Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)  
999 18th Street, Suite 500  
Denver, CO 80202-2405  
(303) 293-1603

Region 9 (Arizona, California, Hawaii, Nevada) 75 Hawthorne Street  
San Francisco, CA 94105  
(415) 744-1124

Region 10 (Idaho, Oregon, Washington, Alaska) 1200 Sixth Avenue  
Seattle, WA 98101  
(206) 553-1200

#### CPSC REGIONAL OFFICES

Eastern Regional Center  
6 World Trade Center  
Vesey Street, Room 350  
New York, NY 10048  
(212) 466-1612

Central Regional Center  
230 South Dearborn Street  
Room 2944  
Chicago, IL 60604-1601  
(312) 353-8260

Western Regional Center  
600 Harrison Street, Room 245  
San Francisco, CA 94107  
(415) 744-2966

**EXHIBIT E TO SALES CONTRACT**

**SUBDIVISION INFORMATION, INCLUDING RESALE CERTIFICATE FOR  
PROPERTY SUBJECT TO MANDATORY MEMBERSHIP IN A PROPERTY OWNERS' ASSOCIATION**

Name of Association: **PK Property Owner Association (TO BE CREATED)**

Pursuant to Texas Property Code Chapter 207 the following information is provided to Buyer:

(1) There is **no right of first refusal** or other restraint contained in the restrictions or restrictive covenants that restricts the owner's right to transfer the owner's property.

(2) The frequency and amount of any regular assessments are: **\$0 per year (but subject to change in the future after five years) plus the prorated cost of any dumpster/garbage collection**

(3) There are **no** special assessments that are due.

(4) The total of all amounts due and unpaid to the property owners' association that are attributable to the owner's property= **\$0**

(5) **\$0** capital expenditures have been approved by the property owners' association for the property owners' association's current fiscal year.

(6) The amount of reserves for capital expenditures is **\$0**

(7) The property owners' association's current operating budget and balance sheet is:

2010 -2014 Proposed Operating Budget

1583 leases x \$0.00= \$0.00 Income (**plus pass through of garbage/dumpster contract and related expenses**)

Net =\$0+/-

Current Balance Sheet

Assets=\$0

Liabilities=\$0

Net Worth=\$0

(8) The total of any unsatisfied judgments against the property owners' association= **\$0**

- (9) There are no pending lawsuits in which the property owners' association is a defendant.
- (10) There is no property and liability insurance coverage relating to any common areas and common facilities.
- (11) There are no known violations of the restrictions applying to the subdivision or the bylaws or rules of the property owners' association.
- (12) No notices have been received by the property owners' association from any governmental authority regarding health or housing code violations existing on the preparation date of these certificate relating to the owner's property or any common areas or common facilities owned or leased by the property owners' association.
- (13) No administrative transfer fee is charged by the property owners' association for a change of ownership of property in the subdivision.
- (14) The name, mailing address, and telephone number of the property owners' association's managing agent is:

Michael H. Patterson  
2310 West Interstate 20, Suite 100  
Arlington, Texas 76017  
Tel 817.461.5500  
Fax 817.856.6090  
[mike@ppdocs.com](mailto:mike@ppdocs.com)

- (15) The restrictions will allow foreclosure of a property owners' association's lien on the owner's property for failure to pay assessments.
- (16) Bylaws and rules for the property owner's association have not yet been created. Subject to the approval of Seller, a Seller appointed PK BRA lessee group shall prepare the Bylaws.
- (17) The deed restrictions will be sent to Buyer when and if the property owner's association is ever created.

**NOTICE: This Subdivision Information may change from time to time.**