



## MEMOIRS/EXHIBIT 2

Copyright under FILED EVIDENCE

Memoirs 8-22-24/Exhibit 2's public information

**MORE BELLIGERENT BANKING FRAUD IS DOCUMENTED & CAUGHT RED HANDED**

**FILED EVIDENCE** within the open, pending, &/or combined cases of;

**ARTH0 v. BANK/LAWYERS SCAM'S MONEY LAUNDERING SCHEMES**

Artho's Exhibit 2 filed within the Bankruptcy Court's proceedings, by Rule of Law, & the Handbook for Chapter 12 Standing Trustee;

### Summary of Standing Trustee Responsibilities

1. Screen each case promptly for conflicts of interest....
2. Review each debtor's petition....
3. Review each debtor's claim....
6. Review disclosures by debt's....or the requirements of law are not followed.

#### A. DUTY TO REPORT AND REFER SUSPECTED CRIMINAL ACTIVITY

##### 1. DUTY

The United States Code requires a standing trustee to refer suspected violations of Federal criminal law to the appropriate United States Attorney.

#### B. CIVIL ENFORCEMENT AND PREVENTION OF ABUSE

A standing trustee with knowledge of civil fraud or abuse should report those matters to the United States Trustee.

The above & more, all 3 branches of the US Gov. REFUSED to prosecute & collect the Funding/Fines/Retribution owed to the US Treasury, SEC, & the victims thereof;

- As "giving them aid & comfort" to the economic traitors' World ECONOMIC TREASON against International trading & more.
- As their economic espionage & sabotaging, via their International economic anarchy.
- Through their new International Case Law & ethics changes. Subjecting themselves to the liabilities & debts owed, for their International economic anarchy under;

#### THE ECONOMIC ESPIONAGE ACT (1917)

The Espionage Act has been amended numerous times over the years. It was originally found in Title 50 of the US Code (War & National Defense) but is now found in Title 18 (Crime & Criminal Procedure);

Title 18's economic espionage & economic sabotaging includes falsification of records, within bankruptcy, Interstate & foreign commerce, false oaths & claims, embezzlement, adverse interest & conduct of officers, disregard of bankruptcy law, bankruptcy fraud, US attorneys & FBI to address abusive reaffirmations of debt & proven materially fraudulent statements in bankruptcy, arson, & so much more.

**IN SPITE OF THE CONSTITUTION, RULE OF LAW, VIOLATIONS OF  
CONSTITUTIONAL OATHS OF OFFICES &/or PROFESSIONS  
THE INTERNATIONAL CASE LAW HAS LEGALIZED THE FOLLOWING**

Artho's Exhibit 2's counts & cause & effect counts, prove beyond a shadow of a doubt;

Now anyone can scratch out anyone else's account number, who has excessive amounts of equity. Hand write in unknown account numbers, as an opportunity to cross collateralize the victim's equity. Without the initials of any contractual Parties whatsoever.

Now anyone can initial & add the correct account numbers to any documentation anyone so chooses. Without the correct account numbers Party's initialed approval.

Now anyone & especially a loan administrator can now create more "deceptive forms" as cover sheets with unknown account numbers. That DO NOT MATCH their victim's account numbers within.

As an opportunity to cross collateralize their victim's excessive amounts of equity.  
(The untrustworthy bank names a loan administrator, is not signed as such, &/or if said person exist? Thus, "If the following REFUSED documentation proves to be authentic".  
Or just more of the untrustworthy bank's *usual* fraudulent documented paper trail?)

- The above & more immediately exonerates all who are now unjustly accused, fined, &/or imprisoned. For like-kind now legalized offenses, via International Case Law.
- For the Law's immediate needs of judge/jurisdiction selections. For the winning of Arbitrations/Grand Jury's No Bills/Appeals/Pardons/Paroles.
- Based on landmark decisions all 3 branches of the US gov. chose to create, inflict, &/or allow. As the International economic traitors' economic anarchy & more.  
While squandering the Taxpaying Commoners funding thereof.  
While REFUSING to prosecute & collect Funding/Fines/Retribution as liabilities & debts owed. Inevitably increasing the tax burden against Taxpaying Commoners.

**IF YOU CONTINUE TO RACKETEER CORRUPTION AGAINST ME  
TO CLOSE MY BUSINESSES DOWN  
YOU'RE DAMN SURE NOT DOING IT WITH MY OWN TAX DOLLARS - Jerry Artho**

Feel free to quote Artho Economics on social medias. Gifts are welcomed via Pay Pal [FiledEvidence@gmail.com](mailto:FiledEvidence@gmail.com) please mark as "Gifts for the pain & suffering".

If you are not a Constitutional & Rule of Law intellectual, freethinker, or humanitarian.  
Please forward to those who are &/or simply unsubscribe.

International Consultant,  
Jerry Artho

**ARTHO'S EXHIBIT #2**

**IF the following REFUSED documentation proves to be authentic.**

RP page 110

**SBLF BORROWER'S CERTIFICATOIN 7-29-13**

RICO felon Happy **ILLEGALLY** scratched out the account number **1659747**. Then **ILLEGALLY** hand wrote in an **UNKNOWN** account number of **1660414**. Neither victim Artho, nor RICO felon Happy, initialed the **ILLEGAL** contract change.

RP page 1222

**PROMISSORY NOTE 12-26-12**

RICO felon Happy **ILLEGALLY** added an account number & added a **check mark** with **UNKNOWN** initials of **JS & CT**. Victim Artho did not initial the **ILLEGAL** contract change.

RP pages 1225-1236

**DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT**

Deaf Smith County Clerk's #13-0543 publicly Filed & Recorded 4-1-13 Deed of Trust. Armstrong County Clerk's #2013015 publicly Filed & Recorded 1-4-13 Deed of Trust. RICO felon Happy **ILLEGALLY** added an account number. Neither victim Artho, nor RICO felon Happy initialed the **ILLEGAL** contract change.

RP pages 1132, 1133, 1136, 1137, 1138, 1140, 1153, 1181.

The now "confusing" account numbers of 1659747, on the above pages.  
VS

RICO felon Happy **ILLEGALLY** scratched out the account number **1659747**. Then **ILLEGALLY** hand wrote in an **UNKNOWN** account number of **1660414**.

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In reference to;

**EXHIBIT #7**

Randall County Clerk's #2013015429 publicly Filed & Recorded 8-18-13 Deed of Trust. RICO felon Happy **ILLEGALLY** added an account number. Neither victim Artho, nor RICO felon Happy initialed the **ILLEGAL** contract change.

Randall County Clerk's #2013015430 publicly Filed & Recorded 8-18-13 Deed of Trust. RICO felon Happy **ILLEGALLY** added an account number. Neither victim Artho, nor RICO felon Happy initialed the **ILLEGAL** contract change.

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In reference to;

**#9, #10, #11, #12, #13, #14, #15, #16, #17, #18, #19, #20, #21, #22, #23, #24, #25, #26, #27, #28, #29, #30, #31, & #32 counts of Racketeering.**



**SBLF BORROWER'S CERTIFICATION**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,000,000.00	07-29-2013	07-29-2014	57578	AE	10600414 4650747	JVB	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

**Borrower:** JERRY ARTHO  
PO BOX 7  
BUSHLAND, TX 79012

**Lender:** Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79015

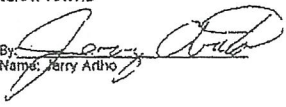
**SBLF BORROWER'S CERTIFICATION**

In connection with that certain small business loan, referenced above (the "Loan") being made by HAPPY STATE BANK, having an address at 701 South Taylor Street, Suite 200, Amarillo, Texas 79101 (together with its successors and/or assigns, "Lender") to JERRY ARTHO, an individual, having an address at 19310 McPherson Bushland TX 79015 ("Borrower"), which Loan meets the requirements of a "small business loan" as defined under the United States Treasury Small Business Lending Fund (the "SBLF") created under the Small Business Jobs Act of 2010, the undersigned hereby represents, warrants and certifies to Lender as of this 29th day of July, 2013 as follows:

1. I am the Borrower and am authorized to execute this certification.
2. I have not been convicted in any jurisdiction within 10 years prior to the date hereof of any felony or misdemeanor in connection with the purchase or sale of a security or involving the making of a false filing with the Securities and Exchange Commission or the Commodities Futures Trading Commission.
3. I have not been convicted or pled nolo contendere to any charge of tax fraud or tax evasion under any federal, state, foreign or local tax law.
4. I have not been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act, 42 U.S.C. §16911).
5. I know of no reason for which the Loan will not qualify as "small business loan."

IN WITNESS WHEREOF, the undersigned has caused this Borrower's Certification to be executed as of the day and year first above written.

**BORROWER:**  
JERRY ARTHO

By:   
Name: Jerry Artho

As used herein and as defined by the SBLF, a "small business loan" is a loan that (1) has an original principal and commitment amount of \$10 million or less, (2) does not go to a business with more than \$50 million in revenues, and (3) falls with one of the following Call Report categories (i) commercial and industrial loans, (ii) owner-occupied nonfarm, nonresidential real estate loans, (iii) loans to finance agricultural production and other loans to farmers, or (iv) loans secured by farmland.  
70673.000001 EMF\_US 37169463v1

1659747.59420

JPS  
CT

## PROMISSORY NOTE

Date: December 26, 2012

Borrower: JERRY ARTHO

Lender: HAPPY STATE BANK

Place for Payment: At the office of the Lender in 701 S. Taylor, Box LB 120, Amarillo, Texas 79101 or such other place as Lender may designate in writing from time to time

Principal Amount: Four Hundred Forty Four Thousand and No/100 Dollars (\$444,000.00)

Annual Interest Rate: The initial interest rate is four and one-quarter percent (4.250%) per annum and it may change on the 26th day of December, 2017, and on that day every 60 months thereafter. Each date on which the interest rate could change is a "change date."

Beginning with the first change date and on each subsequent change date, the interest rate will be calculated by adding one percent (1.0%) per annum to the then current Prime Interest Rate; provided however, that the rate of interest charged hereon shall never be greater than eighteen percent (18.0%) per annum or less than four and one-quarter percent (4.250%) per annum. Subject to such limitations, the result of this calculation will be the new interest rate from such change date until the next change date. The Prime Interest Rate means the rate of interest identified as the "prime rate" in the "Money Rates" column published in the *Wall Street Journal*. If the published prime rate is expressed on the applicable date as a range, the prime rate for purposes of this Note shall mean the highest of such prime rates in that range. If the *Wall Street Journal* ceases to publish a prime rate, Lender may designate a substitute Prime Interest Rate determined by Lender to be comparable, in its sole discretion. Interest on the unpaid principal of this Note will be calculated by the actual/360-day method (a daily amount of interest is computed for a hypothetical year of 360 days; that amount is multiplied by the actual number of days for which any principal is outstanding hereunder). The new interest rate will become effective on each change date.

Annual Interest Rate on Matured, Unpaid Amounts: The maximum rate of interest permitted by applicable law (when taken together with any other charges or fees which constitute interest)

Maturity Date: December 26, 2032

Terms of Payment (principal and interest): The Principal Amount is due and payable in equal annual installments of Twenty Two Thousand Two Hundred and No/100 Dollars (\$22,200.00), on December 26 of each year, beginning on December 26, 2013, and continuing annually until December 26, 2032; at that time the unpaid principal balance and accrued, unpaid interest will be due and payable in full. Interest on the unpaid principal balance is due and payable annually as it accrues, on the same dates as and in addition to the installments of principal. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Borrower may prepay this note in any amount at any time before maturity without penalty. Prepayments shall be applied to installments on the last maturing principal and interest on that prepaid principal shall immediately cease to accrue.

Security for Payment: This Note is secured by a Deed of Trust (the "Deed of Trust") of even date herewith from Borrower to David Norris, Trustee, which covers the property more fully described in the Deed of Trust.

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 and earned interest 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 Note and will be secured by any security for payment.

Borrower and Lender intend to comply with the applicable Texas law governing the maximum rate or amount of interest payable on or in connection with this Note (or applicable United States federal law to the extent that it permits the Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount called for under this note or under any other document securing payment of this note, or contracted for, charged, taken, reserved or received with respect to this Note, or if acceleration of the maturity of this Note or if any prepayment by Borrower results in Borrower having paid, or demand having been made on Borrower to pay, any interest in excess of that permitted by applicable law, then all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note (or, if this note has been or would thereby be paid in full, refunded to Borrower), and the provisions of this Note, or any other document securing payment of this Note and any demand on Borrower shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder shall be reduced without the necessity of the execution of any document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called hereunder and thereunder. The right to accelerate maturity of this Note does not include the right to accelerate any interest which is not otherwise accrued on the date of such acceleration, and Lender does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the applicable usury ceiling. As used herein, the term "maximum rate" shall mean the maximum non-usurious rate of interest which may be lawfully contracted for, charged, taken, reserved or received by Lender from Borrower in connection with the loan evidenced hereby under applicable Texas law (or applicable United States Federal law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law).

The Borrower warrants and represents that the proceeds of this note shall only be used for commercial, business purposes and will not be used for any personal, family or non-commercial purposes.

In addition to any such rights held at common law, the Borrower hereby grants to Lender an express contractual right of set-off and a security interest in any type of deposit of Borrower in or with Lender, as security for the payment hereof, and agrees that in the event of Borrower's default in the payment or performance of this Note, or default under the Deed of Trust, Lender may apply the right of set-off granted

hereby without prior notice to Borrower (or any Guarantor hereof), and further agrees that Lender shall not be liable for any actual, consequential, exemplary, or other damages of Borrower (or any Guarantor hereof), because the right of set-off granted hereby has been exercised with respect to the debt evidenced by this Note against any account or deposit of Borrower, or because of wrongful dishonor of a check or other draft where such dishonor occurs because the right of set-off granted hereby has been so exercised.

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

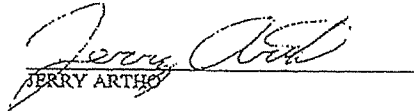
When the context requires, singular nouns and pronouns include the plural.

PRIOR TO SIGNING THIS NOTE BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

#### NOTICE

THIS WRITTEN PROMISSORY NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

  
JERRY ARTHO



56

1069747.59420 ✓

2013015 VOL 58 PAGE 804

DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

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 OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS §
COUNTIES OF ARMSTRONG & DEAF SMITH § KNOW ALL MEN BY THESE PRESENTS:

THAT JERRY ARTHO a/k/a Jerry Don Artho, dealing with his separate property, whose mailing address is 19310 McPherson, Bushland, Texas, 79012, herein called "Grantor" (whether one or more), in consideration of TEN AND NO/100 DOLLARS (\$10.00), in hand paid, and the debt and trust hereinafter mentioned, has Granted, Sold and Conveyed, and by these presents does Grant, Sell and Convey unto DAVID MORRIS, Trustee (herein called the "Trustee"), whose mailing address is 701 S. Taylor, Box LB 120, Amarillo, Texas 79101, and to his successors in trust, the land and property more fully described as follows, to-wit:

Tract 1: All of the North 502.1 acres, more or less, of Section No. 272, Block B-4, Certificate No. 13/3515, H&GN Ry. Co. Survey, Abstract Nos. 1350, 1351, and 1581, Save & Except the North 166.34 acres thereof, Armstrong County, Texas; and

Tract 2: The South 116 acres, more or less, of the Southeast Quarter, of Section Number 36, of Block 8, Certificate Number 37, Rusk Transportation Company, awarded to Jno. R. Goodman, Grantor, Deaf Smith County, Texas;

together with: all appurtenances, servitudes, easements, rights, rights of way, privileges, prescriptions and advantages thereunto belonging or in anywise appertaining and all buildings, fixtures, improvements, equipment and other property now or hereafter located upon said realty (hereinafter referred to collectively with the real and personal property more fully described in paragraph 3 of this Deed of Trust as the "Mortgaged Premises").

TO HAVE AND TO HOLD the Mortgaged Premises unto the Trustee forever, and Grantor hereby binds itself to warrant and forever defend the title to the Mortgaged Premises, or any part thereof, unto the Trustee against all persons whomsoever claiming or to claim the same or any part thereof.

1. Obligation. This Conveyance is made in trust, however, to secure payment and performance of all of the debts, obligations and liabilities of every kind and character of the makers of the hereinbelow described promissory note or notes to Noteholder (as hereinafter defined), now or hereafter existing, however evidenced and whether the same are direct or indirect, with or without recourse, primary or secondary, joint, several, joint and several, certain or contingent, and regardless of whether such present or future debts, obligations and liabilities arose pursuant to a commitment or may, prior to their acquisition by Noteholder, be or have been payable to, or be or have been in favor of some other person or have been acquired by Noteholder in a transaction with one other than Borrower (as hereinafter defined), including but not limited to the debts, obligations and liabilities which are more fully described as follows (hereinafter referred to separately and collectively as the "Obligation"):

(a) Certain promissory note or notes executed by the hereinbelow named maker or makers (sometimes hereinafter referred to for convenience as the "Borrower" which term shall refer separately and collectively to said maker or makers and the obligors, if any, enumerated above) payable to the order of HAPPY STATE BANK, being the Secured Party, and hereinafter called the "Noteholder" at 701 S. Taylor, Box LB 120, Amarillo, Texas 79101, which is Noteholder's mailing address, each bearing interest and being payable as therein provided, containing an attorneys' fees clause and being more specifically described by maker, date, original principal amount and final maturity as follows: Promissory Note dated December 26, 2012, executed by Jerry Artho, in the original principal amount of \$444,000.00, and having a final maturity date of December 26, 2032.

(b) All debts, obligations and liabilities arising pursuant to the provisions of this Deed of Trust or any loan agreement, mortgage, deed of trust, security agreement or other instrument or agreement now or hereafter evidencing, securing or relating to the Obligation or any portion thereof.

(c) All costs and expenses incurred by Noteholder including reasonable attorney's fees in connection with the collection of any indebtedness or enforcement of any obligation secured hereby including costs, expenses and other amounts expended by Noteholder for the purposes of preserving, protecting or realizing upon the value of any lien, security interest, guaranty or other security now or hereafter given for the payment or performance of the obligations whether such security is furnished by Borrower or another and whether covenants pertaining thereto are of the Borrower or another.

(d) Any and all renewals, extensions, increases, increases in interest rate, changes in form, re-amortizations and other modifications of the Obligation, together with interest accrued or to accrue thereon at the agreed rate or, if no rate is agreed upon, 18% per annum.

IT IS EXPRESSLY CONTEMPLATED BY THE GRANTOR AND NOTEHOLDER THAT ADDITIONAL DEBTS, OBLIGATIONS AND LIABILITIES OF BORROWER TO NOTEHOLDER MAY FROM TIME TO

TIME BE OUTSTANDING AND THAT SUCH FUTURE DEBTS, OBLIGATIONS AND LIABILITIES ARE INTENDED TO BE SECURED HEREBY TO THE SAME EXTENT AS IF THE SAME WERE SPECIFICALLY DESCRIBED AND REFERENCED HEREIN.

2. Subsequent Advances. To the extent permitted by law, it is expressly contemplated by Grantor that the lien created by this Deed of Trust shall continue in full force and effect prior to the release of record of the lien created hereby, notwithstanding a period or periods of time in which the Borrower may not be indebted to the Noteholder. Following execution and delivery of this Deed of Trust, the rights of any other person, firm or corporation which may acquire any right, title, lien or interest in any of the Mortgaged Premises, or any part thereof, shall be subordinate and inferior to the rights and liens of the Noteholder to the full extent of the Obligation as then or hereafter existing, and the Noteholder shall be fully authorized to extend further credit to the Borrower secured by this prior Deed of Trust without the consent of any other person, firm or corporation and to renew, extend, increase, increase the interest rate, re-amortize or otherwise modify the terms of all or any portion of the Obligation without the consent of any other person, firm or corporation.

3. Additional Security. As additional security for payment and performance of the Obligation, Grantor transfers and assigns to Noteholder all equipment, inventory, fixtures, general intangibles, instruments, documents, accounts receivable and other property of any nature whatsoever which may now or hereafter be located on or used or intended to be used in connection with the real property herein described, the improvements now or hereafter existing thereon, the renting, letting or operating thereof or the business conducted with respect thereto and all replacements and substitutions therefor, additions and accessions thereto and proceeds and products thereof, all whether now owned or hereafter acquired including without limitation the following:

(a) All building supplies and materials and equipment, indoor and outdoor furnishings, office equipment, wall and in-a-door beds, boilers, furnaces, heaters, stoves, ranges, ovens, gas and electric appliances and fixtures and lighting devices (including refrigerators, dishwashers, ice boxes, fans, water heaters, disposals, washers and dryers, trash compactors and water softeners), construction and maintenance equipment, tools and machinery, entertainment, recreational and fitness equipment and apparatus, refrigerating and heating and other air conditioning apparatus, alarm systems, monitoring devices and systems, chandeliers, lamps, floor and wall coverings, elevators, screens, doors, storm windows and doors, awnings, blinds, window shades, curtains, draperies, valances and drapery rods and brackets, gas and oil tanks and equipment, pipes, wires, plumbing, sprinkler systems, dynamos, incinerators, lawn plants and shrubbery, signs and advertising equipment, counters, display equipment, cabinets, and professional equipment and supplies; provided, however, that the lien and security interest hereof shall not cover any of the foregoing described items or types of personal property owned by tenants or subtenants of Grantor except to the extent of any interest of Grantor therein.

(b) All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of all or any part of the Mortgaged Premises under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Premises or any part thereof, or to any rights appurtenant thereto including insurance and other proceeds payable as a result thereof.

(c) All leases, subleases, and rental contracts which have been and which may hereafter be executed covering all or any part of the Mortgaged Premises, together with all rentals and income accruing therefrom, and all other rents, issues and profits of the Mortgaged Premises.

(d) All commitments for permanent financing of the Mortgaged Premises, all contracts and agreements for the sale or transfer of all or any portion of the Mortgaged Premises, and all other contracts, rights, licenses and permits related to the Mortgaged Premises, the financing, sale, or other disposition thereof or the renting, letting or operating thereof including without limitation all contracts for maintenance, cleaning, extermination of insects and vermin, refuse or garbage removal, landscaping, security and management.

(e) All promotional material, market studies, tenant data, and business records arising from or relating to the Mortgaged Premises and the renting, letting or operating thereof.

(f) All funds of Grantor which may be deposited with Noteholder from time to time.

Grantor hereby directs payment of any and all amounts which may now or hereafter become due and payable to Grantor by virtue of any of the interests described in the above subparagraphs to Noteholder to be applied to the Obligation, whether due or not, until paid and either before or after any default under the terms of this Deed of Trust. Noteholder is hereby authorized and appointed Grantor's attorney-in-fact for the purpose of enforcing any right, privilege or other interest of Grantor under any of the foregoing described interests and may endorse any instrument or document and execute and deliver any judgments, awards, division orders, releases, receipts, leases or rental contracts, agreements or any instrument in modification of any of the foregoing or in settlement of any claim arising from any of the foregoing to the extent covered hereby, all in Grantor's name or as assignee of Grantor, as Noteholder may elect; provided, however, that Noteholder shall have no obligation to take any of such action except as it may elect in its sole discretion.

4. Subrogation. To the extent the proceeds of the Obligation are utilized to take up any outstanding liens or claims against the Mortgaged Premises, or any portion thereof, the Noteholder shall be subrogated to any and all rights, superior titles, liens, and equities owned or claimed by the owner or holder of such liens and debts, regardless of whether said liens or debts are acquired by the Noteholder by assignment or are released by the holder thereof upon payment. Grantor hereby requests Noteholder to make such advances and represents such liens or claims to be valid and enforceable against the Grantor.

5. Covenants. Grantor further covenants and agrees that:

- (a) Grantor will pay or cause to be paid the Obligation and will perform and satisfy or cause to be performed and satisfied the Obligation in accordance with the terms thereof. Except as expressly stated below, Grantor warrants and represents that Grantor is seized of the Mortgaged Premises and is entitled to convey, assign and mortgage the same. Grantor will make such further assurance of title as may be required by Noteholder to fully confirm to the Trustee the title to the Mortgaged Premises.
- (b) All of the property described in paragraph 3(a) of this Deed of Trust, and all goods, chattels and personal property as are ever furnished by landlords in letting or operating an unfurnished building, or which are or shall be attached to improvements to the real property herein described by nails, screws, bolts, pipe connections, adhesives, masonry or in any other manner, and all additions and accessions thereto and replacements and substitutions therefor, are and shall be deemed to be fixtures and accessions to said real property, being hereby agreed to be immovables and a part of the realty as between the parties hereto.
- (c) Grantor will pay (prior to delinquency) all ground rents, taxes and assessments levied or assessed upon the Mortgaged Premises, or upon the interest created therein by this Deed of Trust, and exhibit the receipts therefor to the Noteholder, and will defend the title and possession of the Mortgaged Premises to the end that this Deed of Trust shall be and remain a valid lien on the Mortgaged Premises until the Obligation is paid which is subject to no prior liens, security interests or other encumbrances upon or exceptions to title other than those, if any, specifically enumerated herein or otherwise approved in writing by Noteholder. The word "assessments" as used in this Deed of Trust, whether in this paragraph or elsewhere, shall include not only assessments by political subdivisions, but also maintenance charges, regular assessments and special assessments assessed by subdivision restrictions, homeowner's declarations for planned unit developments and assessments by condominium agreements, if any. Upon furnishing the Noteholder with a bond or other security satisfactory to Noteholder, Grantor shall have the right, however, to contest in good faith the validity or amount of any such ground rents, taxes or other assessments by appropriate proceedings timely instituted, if Grantor diligently prosecutes such contest and shall promptly pay any valid, final judgment enforcing any such ground rents, taxes or other assessments and shall cause the same to be satisfied of record.
- (d) Grantor will keep all insurable Mortgaged Premises insured for the protection of the Noteholder against any loss or damage by fire, lightning, wind, storm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief, other risks and hazards included within the term "extended coverage", war risks (as, when and to the extent insurance against war risks is obtainable from the United States of America or any agency thereof, and such other risks and hazards as Noteholder may require, in amounts approved by Noteholder not less than one hundred percent (100%) of the full replacement value thereof and which coverage shall not contain a co-insurance clause, together with policies of liability insurance, rent loss insurance, flood and mudslide insurance (or evidence satisfactory to Noteholder that the Mortgaged Premises are not located in an area designated by the Secretary of Housing and Urban Development as an area having special flood or mudslide hazards and that flood insurance is not required under the terms of any law, regulation or rule governing Grantor's or Noteholder's activities) and other insurance policies insuring against any other risk Noteholder may require. All such insurance must name Noteholder as the mortgagee loss payee. Grantor shall keep the policies therefor, properly endorsed, on deposit with the Noteholder. If renewal policies are not delivered to the Noteholder 10 days before the expiration of the existing policy or policies, with evidence of premiums paid, the Noteholder may, but is not obligated to obtain the required insurance on behalf of Grantor (or insurance in favor of the Noteholder alone) and pay the premiums thereon. Grantor assigns to Noteholder all right and interest in all such policies of insurance and authorizes the Noteholder to collect for, adjust or compromise any losses under any insurance policy on the Mortgaged Premises. Loss proceeds (less expense of collection) shall, at the Noteholder's option, be applied on the Obligation, whether due or not or to the restoration of the Mortgaged Premises, or be released to Grantor, but such application or release shall not cure or waive any default.
- (e) If requested by the Noteholder, Grantor will pay to the Noteholder, in addition to the monthly payments of principal and interest payable under the terms of the Note, on the same day as the principal and interest installments are due and payable, a sum equal to one-twelfth of the estimated annual ground rents, taxes, assessments, and insurance premiums, including hazard, property and mortgage insurance premiums. Next to become due on or in respect of the Mortgaged Premises, in such amounts as the Noteholder from time to time estimates as necessary in order that the Noteholder will have sufficient funds on hand to pay said ground rents, taxes, assessments and insurance premiums thirty (30) days before the due date thereof. In addition, Noteholder may, at any time, collect and hold an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to such escrow account sets a lower amount. The Grantor further agrees to furnish the Noteholder with bills in sufficient time to pay the said ground rents, taxes and assessments before penalty attaches and the insurance premiums before the policies lapse, and to immediately pay to the Noteholder any deficit from the funds held by the Noteholder in order to fully pay said ground rents, taxes, assessments, and insurance premiums as aforesaid. It is specifically understood and agreed that moneys so paid may be held by the Noteholder or by Noteholder's agent and unless prohibited by applicable law, shall not bear interest, shall not be trust funds, shall not be assignable or refundable until the Obligation has been paid in full, may be commingled by the Noteholder with its general funds or by Noteholder's agent with its general funds with no liability to pay interest thereon, and that the Noteholder may make payments therefrom for said purposes at its discretion, even though subsequent owners of the Mortgaged Premises may benefit thereby. It is further specifically understood and agreed that in the event of any default under this Deed of Trust, any part or all of the funds so held by the Noteholder may be applied by the Noteholder at its option, on account of the Obligation and in refunding any part of the funds so held, the Noteholder may deal with whomsoever is represented to be the owner of the Mortgaged Premises at that time.

(f) Grantor will not commit or permit any waste on the Mortgaged Premises and will keep the Mortgaged Premises in sound condition and in good repair and will neither do nor permit to be done anything to the Mortgaged Premises that may impair the value thereof and the Noteholder shall have the right of entry upon the Mortgaged Premises at all reasonable times for the purpose of inspecting the same.

(g) Grantor will pay when and as due all claims or charges of mechanics and materialmen supplying materials or labor in connection with the construction of improvements upon the Mortgaged Premises and shall keep the Mortgaged Premises free of any mechanic's or materialmen's lien arising as a result of construction upon the Mortgaged Premises except to the extent that amounts secured by such liens are not yet due and payable. Provided, however, that upon furnishing the Noteholder with a bond or other security satisfactory to Noteholder, Grantor shall have the right to contest in good faith the validity or amount of any such claims or charges.

(h) Until the Obligation is paid in full, Grantor will not enter into any lease or rental contract for all or a portion of the Mortgaged Premises unless the lease or rental contract provides by its own terms that it shall be subordinate to the lien created by this Deed of Trust and by any deed of trust or other instrument securing payment of any debt upon the Mortgaged Premises, the proceeds of which are used to pay the Obligation, and provides that the lessee thereunder shall affirm to the holder of any prior lien in the event of foreclosure thereunder and unless Grantor shall have first obtained the written consent to such lease from Noteholder.

(i) Until the Obligation is paid in full, Grantor will not enter into any contract for sale or contract for option to purchase all or any portion of the Mortgaged Premises unless such contract or option provides by its own terms that it shall be assignable to and enforceable by the Noteholder and unless Grantor shall have first obtained the written consent to such agreement from the Noteholder.

(j) If Grantor's title to all or any part of the Mortgaged Premises or the validity or lien priority of this Deed of Trust, or of any rights, titles, liens or interests created or evidenced hereby with respect to the Mortgaged Premises, or any part thereof, shall be endangered or questioned, or shall be attacked directly or indirectly, or if any legal proceedings are instituted against Grantor or the Noteholder with respect thereto, Grantor will promptly give written notice thereof to the Noteholder and at Grantor's own cost and expense, endeavor diligently to cure any material defect that may be developed or claimed and take all necessary and proper steps for the defense of such legal proceedings, including but not limited to, the employment of counsel, the prosecution or defense of litigation, and the release or discharge of all adverse claims. In such event, the Noteholder (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its discretion may be necessary or proper for the defense of any such legal proceedings, including but not limited to the employment of independent counsel, intervention in any such pending suit, the prosecution or defense of litigation and the compromise or discharge of any adverse claim made with respect to the Mortgaged Premises, and Noteholder shall be subrogated to all rights of any person receiving payment from Noteholder, and further, Grantor shall indemnify and hold Noteholder harmless from all costs, expenses and liability it shall incur or suffer on account of the failure of title to all or any part of the Mortgaged Premises or the failure or inability of Grantor for any reason to convey the rights, titles and interests which this Deed of Trust purports to convey, and all amounts at any time payable by Grantor hereunder shall be payable on demand and shall bear interest at the rate of 18% per annum from the date incurred until paid and shall be secured by the lien hereof.

(k) From time to time Grantor will promptly furnish to the Noteholder such financial statements and reports relating to Grantor and Borrower and the business affairs of Grantor and Borrower and the operation of the Mortgaged Premises as Noteholder may reasonably request.

(l) If Grantor is a limited partnership, limited liability company, general partnership or corporation, Grantor will continuously maintain Grantor's existence, and its rights to do business in the State of Texas and in each other state where the nature of Grantor's business requires licensing or authorization and furnish Noteholder with evidence thereof.

(m) Grantor will keep accurate books and records in accordance with sound accounting principles in which full, true and correct entries shall be promptly made as to all operations on the Mortgaged Premises, and all such books and records shall at all times during reasonable business hours, be subject to inspection by Noteholder and its duly authorized representatives.

(n) Grantor will promptly correct any defect, error or omission which may be discovered in the contents of this Deed of Trust or in the execution or acknowledgment thereof, and execute and deliver any additional deed of trust, mortgage or other instruments as may be requested by Noteholder to correct such defect, error or omission or is necessary to provide notice of the lien created hereby with respect to any of the Obligation, or to identify any additional property which is or becomes subject to this Deed of Trust, and at any time and from time to time, upon request by the Noteholder, Grantor will forthwith at Grantor's expense, execute and deliver to the Noteholder, any and all additional instruments and further assurances as may be necessary or proper, in the Noteholder's opinion, to effect the intent of these presents.

(o) Upon demand, Grantor will pay or will cause Borrower to pay all appraisal fees, recording fees, taxes, abstract fees, attorneys' fees and all other costs and expenses of every kind or character incurred by Grantor, Borrower or Noteholder in connection with the making and closing of the financing transactions secured hereby, and reimburse Noteholder for all expenses incurred by it and indemnify and hold harmless the Noteholder from and against all claims, demands, liabilities and causes of action asserted against it on account of any act performed or permitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Mortgaged Premises or the Obligation, save and except for their willful

misconduct. Interest shall accrue on all amounts due and payable hereunder to the Noteholder from and after the date of demand for payment at a rate of 18% per annum.

(p) Upon request of Noteholder, Grantor shall require each tenant or subtenant of the Mortgaged Premises to execute and deliver to Grantor a financing statement pursuant to the terms of Section 9.408 of the Texas Business and Commerce Code. Each such financing statement and the security interest, if any, evidenced thereby shall be assigned by Grantor to Noteholder.

6. Change of Ownership. In the event the ownership of the Mortgaged Premises, or any part thereof, becomes vested in a person other than Grantor, the Noteholder may, without notice to Grantor, deal with such successor or successors in interest with reference to the Mortgaged Premises, any funds held by Noteholder hereunder, this Deed of Trust, and the Obligation, all in the same manner as with Grantor without in any way violating or discharging Grantor's liability hereunder or upon the Obligation, if any. No sale of the Mortgaged Premises and no forbearance on the part of the Noteholder and no extension of the time for the payment of the Obligation or performance of the Obligation, given by the Noteholder, shall operate to release, modify, change, or affect the original liability of Grantor, either in whole or in part. This paragraph shall not be deemed to authorize a change in ownership upon terms other than as set forth in paragraph 13(g).

7. Partial Release and Indulgence. The Noteholder hereunder may at any time and from time to time without notice to or consent of Grantor, Borrower or any endorser, guarantor or obligor of the Obligation, (a) waive compliance with any covenant made by Grantor, Borrower or such other person; (b) consent to any act which is required; (c) release any part of the Mortgaged Premises, or any interest therein, or any proceeds from the lien of this Deed of Trust; or (d) release any other security or collateral held as security for the Obligation or release any person or entity from all or any portion of the liability for payment thereof or performance. No such act shall in any way impair the lien hereof, the rights of Noteholder hereunder or the liability of any person except to the extent specifically and expressly agreed to by Noteholder in writing. Furthermore, the lien and other security rights of Noteholder hereunder shall not be impaired by any indulgence including but not limited to (a) any renewal, extension or modification which the Noteholder may grant with respect to any of the Obligation, or (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Noteholder may grant in respect of any item of the Mortgaged Premises or any part thereof or any interest therein, or (c) any release or indulgence granted to the Grantor, Borrower or any endorser, guarantor or of any of the Obligation. Any agreement of Noteholder with any party obligated on the Obligation, or having any interest in the Mortgaged Premises, to extend the time for payment of any part or all of the Obligation, shall extend the lien hereof as against the title of all parties having any interest in the Mortgaged Premises, which interest is subject to this Deed of Trust.

8. Appraisalment and Redemption Laws. Grantor waives the benefit of all laws now existing or that hereafter may be enacted providing for (i) any appraisalment before sale of any portion of the Mortgaged Premises, commonly known as Appraisalment Laws, and (ii) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement of the collection of said debt or creating a period of redemption from any sale made in collecting said debt, commonly known as Stay Laws and Redemption Laws.

9. Ground Rents, Liens or Claims. Noteholder may, at Noteholder's option, without demand or notice and without waiver of any right, pay or discharge any rental, lien or claim upon the Mortgaged Premises or pay any delinquent tax or assessment, and, upon such payment, Noteholder shall be subrogated respectively to the rights of the ground lessor of the Mortgaged Premises, the holder of such lien or claim or to the rights of the taxing authority. Noteholder may advance any unpaid insurance premiums, and whenever Grantor has failed properly to maintain the improvements, Noteholder may make repairs necessary for the proper preservation of the security. Grantor agrees to pay to Noteholder, upon demand, any and all disbursements made under the provisions of this Deed of Trust, together with interest thereon at the rate of 18% per annum from the respective dates of such disbursements, and all such disbursements shall become a part of the debt, payable at the office of the Noteholder in Amarillo, Potter County, Texas, and shall be secured by this Deed of Trust.

10. Partial Payment. Acceptance by the Noteholder of any payment in an amount less than the amount then due on the Obligation shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be a default. At any time thereafter, until the entire amount then due on said debt has been paid, Noteholder shall be entitled to exercise all rights conferred upon it in this instrument upon the occurrence of a default.

11. Terms of Trust. If the Grantor or Borrower shall well and truly pay and discharge the Obligation as and when the same shall become due and payable, whether by extension, acceleration, or otherwise, and shall fully and punctually perform the Obligations and comply with all of the terms and provisions of this Deed of Trust, then and in that event only, this Deed of Trust shall be and become null and void, and shall be released at Grantor's request and expense, otherwise it shall remain in full force and effect; provided that, no such release shall modify, release or impair Grantor's warranties or indemnities contained herein.

12. Security Agreement. This Deed of Trust shall constitute a Security Agreement under the Texas Business and Commerce Code (the "Uniform Commercial Code") of the State of Texas with respect to the Mortgaged Premises and the Noteholder shall be entitled to all of the rights of a Secured Party. This Deed of Trust as a financing statement covers fixtures as more fully described herein and related to the Mortgaged Premises, and it is intended that as to those goods and the proceeds thereof, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the land is located. It is expressly agreed that if upon default the Noteholder should proceed to dispose of any portion of the Mortgaged Premises in accordance with the provisions of the Uniform Commercial Code, ten (10)

days' notice by the Noteholder to the Grantor shall be deemed to be reasonable notice under any provision of the Uniform Commercial Code requiring such notice; provided, however, that the Noteholder may, at its option, dispose of the Mortgaged Premises or any portion thereof in accordance with the Noteholder's rights and remedies in respect of the real property constituting a portion of the Mortgaged Premises pursuant to the provisions of this Deed of Trust in lieu of proceeding under the Uniform Commercial Code. The Grantor will, from time to time and as often as requested by the Noteholder, execute and deliver to the Noteholder such financing statements, renewal affidavits, continuation statements, inventories or other similar documents as the Noteholder may reasonably request to perfect the security interest created hereby. No failure or omission of the Noteholder to request any financing statement, renewal affidavit, continuation statement, inventory, or the like, and no failure or omission of the Grantor to execute or deliver any thereof, will impair the effectiveness or priority of the security interest created by this Deed of Trust. The Grantor will pay all costs of filing this Deed of Trust and any financing statements, continuation or termination statements with respect thereto, and any affidavits or other instruments executed, or to be executed, to perfect, renew, continue or maintain the lien and security interest created hereby. The Grantor hereby appoints the Noteholder, or its officers, as the agent and attorney-in-fact of the Grantor to do, at the Noteholder's option and the Grantor's expense, all acts and things reasonably necessary to perfect, and continue perfected, the lien and security interest created hereby. In the event of foreclosure sale of personal property in which the Noteholder holds a security interest granted herein or in any security agreement or other instrument given to secure all or any portion of the Obligation, whether such sale be held by the Noteholder hereunder, by judicial foreclosure, or otherwise, such sale may be of the whole of such property or any portion thereof and may be held together with or separately from any foreclosure sale of the real property securing said indebtedness. Such personal property need not be present at the place of sale.

13. Events of Default: Occurrence of any of the following events or conditions shall constitute an Event of Default hereunder:

- (a) If the Grantor or Borrower should fail to pay or cause payment of the Obligation or any part or installment thereof as and when the same shall become due and payable, whether by demand, acceleration, extension or otherwise.
- (b) If the Grantor or Borrower should fail to keep, observe, or perform the Obligation or comply or cause compliance with any term, provision or covenant enjoined upon the Grantor or Borrower by the terms of this Deed of Trust or any other instrument or agreement evidencing, securing or related to the Obligation.
- (c) If Noteholder shall determine that any warranty, representation or statement made or furnished to the Noteholder by or on behalf of the Grantor, Borrower or any guarantor of any portion of the Obligation was false or misleading in any material respect when made or furnished.
- (d) Breach of any covenant, agreement or condition contained in any loan agreement, mortgage, deed of trust, security agreement, collateral pledge agreement or assignment covering the Mortgaged Premises or any part thereof, or if the holder of any such mortgage, lien or security interest upon the Mortgaged Premises or any part thereof shall institute any foreclosure proceeding.
- (e) If any Grantor, Borrower or any guarantor of any portion of the Obligation should die, become insolvent, admit in writing an inability to pay debts as they mature, or make an assignment for the benefit of creditors, or if a receiver, trustee, conservator or liquidator be appointed for Grantor, Borrower or any such guarantor or for any substantial part of any such person's property or affairs, or should any such person petition or apply to any court or tribunal for any receiver, trustee, conservator or liquidator for such person's property or affairs, or should any proceeding be commenced by or against any such person under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or should the Grantor, Borrower or any such guarantor indicate by any act such person's consent to, approval of, or acquiescence in any such proceeding, application or petition, or should a third person commence any such proceeding, file a petition or make such application, and, if such action be taken involuntarily, such filing, application or proceeding is not vacated, set aside, discharged or bonded within thirty (30) days after the occurrence of such event.
- (f) The entry of a judgment against any Borrower, Grantor or guarantor of any part of the Obligation which Noteholder in its sole discretion deems to be of a material nature, or if any levy, seizure, execution, replevin, or attachment should be issued or commenced against the property of Grantor, Borrower or any guarantor of all or any portion of the Obligation and remain unsatisfied for a period of ten (10) days.
- (g) If Grantor should, directly or indirectly, mortgage, pledge, grant a security interest or otherwise encumber the Mortgaged Premises or any part thereof, or sell, contract to sell, transfer, convey, alienate, assign or voluntarily or involuntarily permit or suffer the Mortgaged Premises or any part thereof to be mortgaged, pledged, encumbered, sold, transferred, assigned, leased for a period in excess of one (1) year, alienated or conveyed, without the prior written consent of the Noteholder. This provision shall apply to each and every sale, agreement to sell, transfer, conveyance, lease, alienation, assignment, mortgage, pledge, security interest or encumbrance regardless of whether or not the Noteholder consented to or waived its rights hereunder whether by action or non-action in connection with any previous transaction or occurrence whether one or more. Grantor acknowledges that Noteholder may condition such consent upon any factors deemed appropriate by it including, without limitation, the financial stability and general credit-worthiness of the transferee, the management capabilities and business and capital resources of the transferee, and the relation between the interest rate and yield of the Obligation and the prevailing market rate for loans of similar types and amounts at the time such consent is requested, and may condition such consent upon reduction of the Obligation and receipt of additional economic benefits, including but not limited to, transfer fees, and increased interest rate.

(h) If Grantor or Borrower (if the same are not natural persons) should be dissolved or terminated as a going concern under any law now or hereafter in effect or if any change in the ownership of Grantor or Borrower or Grantor's or Borrower's capital structure should occur which would affect the management or control of Grantor or Borrower, without the prior written consent of Noteholder. This provision shall apply to each and every such event, whether or not the Noteholder previously consented to or waived its rights hereunder, whether by action or non-action in connection with any previous change. Grantor acknowledges that the Noteholder may condition such consent upon any factors deemed appropriate by it including, without limitation, the cumulative effect of past changes in ownership and capital structure and the effect such changes have on the financial stability and general credit-worthiness of Grantor and Borrower as well as Grantor's and Borrower's management capabilities and business and capital resources following such change, and the relation between the interest rate and yield of the Obligation and the prevailing market rate for loans of similar types and amounts at the time such consent is requested. The Noteholder may condition such consent upon reduction of the Obligation and receipt of additional economic benefits, including but not limited to, principal reductions, transfer fees and increased interest rate.

(i) If Noteholder determines that a material adverse change has occurred in the financial condition of any Borrower, Grantor or guarantor of any part of the Obligation.

(j) If any guarantor of any portion of the Obligation should voluntarily or involuntarily revoke or terminate such guarantor's guarantee of the Obligation.

(k) If the Note described in paragraph 1(a) hereof or this Deed of Trust or any other instrument executed as security for the payment of the Obligation ceases to be in full force and effect (including failure of any collateral document to create or continue to be a valid and perfected security interest or lien) at any time for any reason.

In any such event or events, the Noteholder shall be entitled to exercise any or all remedies provided in this Deed of Trust or by law or in equity.

14. Remedies. The following rights and remedies shall be available to the Noteholder:

(a) Upon the occurrence of an Event of Default, the whole of the Obligation shall become immediately due and payable, at the election of the Noteholder, without notice or demand other than that demand or notice provided for herein. In any such event, the Noteholder shall be entitled to exercise any or all remedies provided in this Deed of Trust or by law or in equity. All rights, remedies or powers conferred by this Deed of Trust upon the Noteholder shall be deemed cumulative of any other rights, remedies or powers available. Any such right, remedy or power may be exercised from time to time, independently or concurrently, and as often as shall be deemed expedient by Noteholder.

(b) Upon the occurrence of an Event of Default, the Trustee, when requested by the Noteholder acting at its option, which request shall be presumed to have been made, shall sell the Mortgaged Premises or any portion thereof at public auction to the highest bidder for cash between the hours of 10:00 A.M. and 4:00 P.M. on the first Tuesday in any month, at the Designated Area (hereinafter defined) of the Courthouse in the county in which such portion of the real property which comprises the Mortgaged Premises which is to be sold, or any part thereof, is situated, after advertising the time, place and terms of said sale and the Mortgaged Premises or portion thereof to be sold by posting, or causing to be posted, at least twenty-one (21) days prior to the date of said sale, written or printed notice thereof at the Courthouse door in each of the counties in which such portion of the real property which comprises the Mortgaged Premises is situated (such notice shall set forth the county where such portion of the real property which comprises the Mortgaged Premises will be sold, shall set forth the area at the courthouse where the sale covered by that notice is to take place, and shall set forth the earliest time at which the sale will occur) and by filing a copy of such notice in the Office of the County Clerk of the county in which the sale is to be made and in each county where such real property is situated at least twenty-one (21) days preceding the date of sale. The term "Designated Area" shall mean (1) the area designated by the commissioner's court of the county where the sale is to take place, or (2) if no area is designated by the commissioner's court of the county where the sale is to take place, the area designated in the notice of sale as the area at the courthouse of such county (the county where the sale is to take place) where the sale covered by that notice is to take place. In addition, at least twenty-one (21) days preceding the date of sale, written notice of the proposed sale shall be served by certified mail on each debtor obligated to pay the Obligation according to the records of Noteholder. Service of such notice by certified mail is complete when the notice is deposited in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of the Noteholder. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. The Grantor authorizes and employs the Trustee to sell the Mortgaged Premises, both realty and personalty, as a whole, or in such lots or parcels as the Trustee shall deem expedient, to execute and deliver to the purchaser or purchasers thereof good and sufficient deeds of conveyance thereto by fee simple title, with covenants of general warranty (and the title of such purchaser, or purchasers, when so made by the Trustee, the Grantor binds itself to warrant and forever defend) and to receive the proceeds of said sale which shall be applied as follows: (1) to all reasonable costs and expenses of the sale, including but not limited to reasonable Trustee's fees and attorney's fees and costs of title evidence; (2) to all sums secured by this Deed of Trust; and (3) the excess, if any, to the Grantor or such other person or persons entitled thereto by law; provided, however, that nothing contained herein shall be deemed to require the giving of notice with respect to, or the sale of, personal property in the manner provided in this paragraph, but rather, in the sale or other disposition of such personal property, the Noteholder may, at its option, sell or dispose of said personal property pursuant to the terms of paragraph 12 of this Deed of Trust and the Texas Business and Commerce Code, or may act pursuant to the terms of this paragraph 14(b), or may proceed with any other remedy available at law or in equity, as the Noteholder may desire. The Noteholder shall have the

right to become the purchaser at all sales to enforce this trust, being the highest bidder, and to have the amount for which such property is sold credited on the Obligation.

(c) Upon the occurrence of an Event of Default, the Noteholder shall have the option to proceed, without declaring the whole debt due, with any remedy provided hereunder, or at law or in equity, and may institute foreclosure in satisfaction of such items, either through the courts or to proceed as if under a foreclosure, conducting the sale as herein provided. If the sale is made because of such default, the sale may be made subject to any portion of the Obligation, matured or unmatured. The sale, if so made, shall not in any manner affect any remaining portion of the Obligation, but, as to such indebtedness, this Deed of Trust shall remain in full force as though no sale had been made under the provisions of this paragraph. Several sales may be made without exhausting the right of sale for any remaining part of said debt, the purpose being to provide for a foreclosure and sale of the Mortgaged Premises for any portion of said debt without exhausting the power of foreclosure and right to sell the Mortgaged Premises for any other part of said debt whether matured at the time or subsequently maturing.

(d) Notwithstanding anything contained in this Deed of Trust to the contrary, in the event the legal requirements related to the foreclosure of real or personal property in the State of Texas are changed, this Deed of Trust shall be deemed amended to the extent necessary to comply with such changes and the Noteholder shall conduct such foreclosure in compliance with such legal requirements.

(e) In case of any sale hereunder, all prerequisites to this sale shall be presumed to have been performed, and in any conveyance given hereunder, all statements of fact or other recitals therein made as to the nonpayment of money secured or as to the request to the Noteholder to enforce this trust, or as to the proper and due appointment of any substitute Trustee, or as to the advertisement of sale or time, place and manner of sale, or as to any other preliminary fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

(f) Upon the occurrence of an Event of Default, the Trustee may, without notice, at its option, take one or more of the following actions: (1) take possession of the Mortgaged Premises, (2) manage the same for the account of Grantor, (3) collect all income and profits arising from the Mortgaged Premises, and deduct from the income profits and rents all expenses and apply the remainder to the Obligation, or (4) have a receiver appointed by a court of competent jurisdiction to take possession of the Mortgaged Premises and collect the rents, issues and profits arising from the Mortgaged Premises. This right is created by this contract and is cumulative of and shall not affect in any way the right of the Noteholder given by law to the appointment of a receiver.

(g) Upon the occurrence of an event of default, the Noteholder may, and is hereby authorized, but not obligated, at its option and without notice, to do in Grantor's behalf and in Grantor's name all things necessary for completion of the improvements to be constructed hereunder, and to take any other action in its judgment deemed necessary to protect the improvements so that the same will not suffer from vandalism or depredation or the weather or to complete construction of such improvements and furnish same so that it can be used for the purpose for which it is designated under the plans and specifications submitted to and approved by Noteholder. Noteholder's determination as to the occurrence of such default and all of the necessity of such actions shall be conclusive evidence of such fact and such necessity and that amounts extended therefor were proper. Any amounts expended by Noteholder for such purposes shall be included with the Obligation. Noteholder shall further be authorized to enforce in Grantor's name and Grantor's behalf any commitment for long-term financing of the Mortgaged Premises. Grantor hereby agrees to indemnify and hold Noteholder harmless from any loss, cost or expense incurred by it in the performance of the remedies provided in this paragraph. Noteholder may, in the exercise of its rights granted under this paragraph, use any funds of Grantor held by or subsequently coming into the possession of Noteholder, whether held as security for performance hereof, as a deposit with Noteholder, or otherwise.

(h) Upon the occurrence of an event of default, Noteholder shall be entitled, at its option, to cease the making of any further advances to Grantor or Borrower for any purpose and any commitment to make such advances shall be suspended during the term of any such default.

15. **Assignment of Rents.** Grantor assigns to Noteholder absolutely, not only as collateral, all present and future rent and other income and receipts from the Mortgaged Premises. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment. Grantor may as Noteholder licensee collect rent and other income and receipts as long as Grantor is not in default under the Obligation or this deed of trust, but if the rent and other income and receipts exceed the amount due under the Obligation and this deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the Obligation or performance of this deed of trust, Noteholder may terminate Grantor's license to collect and then as Grantor's agent may rent the Mortgaged Property, or any part thereof, if it is vacant and collect all rent and other income and receipts. Noteholder neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the Mortgaged Premises. Noteholder may exercise Noteholder's rights and remedies under this paragraph without taking possession of the Mortgaged Premises. Noteholder shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Noteholder's rights and remedies and then to Grantor's obligations under the Obligation and this deed of trust in the order determined by Noteholder. Noteholder is not required to act under this paragraph, and acting under this paragraph does not waive any of Noteholder's other rights or remedies. If Grantor becomes a voluntary or involuntary bankrupt, Noteholder's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.

16. **Substitute Trustee.** At the option of the Noteholder, with or without reason, a successor substitute trustee may be appointed by the Noteholder without any formality other than a designation in writing of a substitute



trustee, who shall then succeed to all the powers and duties given to the Trustee herein named, as if the substitute trustee had been named as the original Trustee; and such right to appoint a substitute trustee shall exist as often and whenever the Noteholder desires. If the Noteholder is a corporation, the corporation may act as Trustee or substitute trustee through any authorized officer, or by any agent or attorney-in-fact properly authorized by any such officer.

17. No Waivers. Neither the exercise of, nor the failure to exercise, any option given under the terms of this Deed of Trust shall be considered as a waiver of the right to exercise the same, or any other option given herein, and the filing of a suit to foreclose this Deed of Trust, either on any portion of the debt or for the whole debt, shall never be considered an election so as to preclude foreclosure under the power of sale or under the Texas Business and Commerce Code after a dismissal of the suit; nor shall the filing of the necessary notices of foreclosure or the institution of procedures for sale of the personal property, as provided in this Deed of Trust, preclude the prosecution of a later suit thereon.
18. Possession After Foreclosure. Any sale of all or any portion of the Mortgaged Premises under this Deed of Trust shall, without further notice, create the relationship of landlord and tenant at sufferance between the purchaser and Grantor or any person holding possession thereof through Grantor, and upon failure of Grantor or such person to surrender possession immediately, Grantor or such person may be removed by a writ of possession of the purchaser, either in the Justice Court having venue or in any other Court hereafter having jurisdiction and venue.
19. Governing Law. This Deed of Trust, the indebtedness and obligation secured hereby and the transactions evidenced hereby, and all matters relating thereto, and the rights, duties and obligations and liabilities of the parties, shall be governed by and construed in accordance with the laws (both statutory and case law) of the United States of America and the State of Texas.
20. Usury. This Deed of Trust and all other agreements are expressly limited so that in no event whatsoever, whether by acceleration or maturity of the Obligation or otherwise, shall the amount paid or agreed to be paid for the use, forbearance, or detention of the money advanced or to be advanced or secured hereby exceed the highest lawful rate permissible. In determining whether or not the rate of interest exceeds the highest lawful rate, the parties intend that all sums paid hereunder which are deemed interest for the purpose of determining usury be prorated, allocated, or spread in equal parts over the longest lawful period of time permitted. If, from any circumstances whatsoever, fulfillment of any provision hereof or any other agreement securing or related to the Obligation at any time performance of such provision shall be due shall involve the payment of interest in excess of that authorized by law, the obligation to be fulfilled shall be reduced to a limit so authorized. If, from any circumstances whatsoever, the Noteholder shall ever receive as interest an amount which would exceed the highest lawful rate, the amount which would be excessive shall, at Noteholder's option, be either applied to the reduction of the unpaid principal balance of the Obligation (and not to the payment of interest) or refunded to the person entitled thereto, and, to the extent permitted by law, the Noteholder shall not be subject to any penalty provided for the contracting for, charging or receiving interest in excess of the maximum lawful rate, regardless of when or the circumstances under which such refund or application was made.
21. Severance. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Obligation or Mortgaged Premises or if the lien of this Deed of Trust is second or inferior to any prior lien, security interest or assignment as to any part of the Obligation or the Mortgaged Premises, the unsecured or partially secured portions of the Obligation and portions secured by a second or inferior lien shall be completely paid, in that order, prior to the payment of the remaining debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of those portions of the debt which are not secured or fully secured by the lien of this Deed of Trust or with respect to which the lien may be second or inferior.
22. Definitions. The use of the singular number shall include the plural and the plural the singular, and of the terms "Grantor" and "Borrower", if they include more than one party, shall include each such party, jointly and severally. The use of any gender shall include all genders. The words "Grantor", "Borrower" and "Noteholder" shall include their heirs, executors, administrators, successors and assigns.
23. Attorneys' Fees. Grantor will pay all reasonable attorneys' fees and expenses which may be incurred by the Noteholder in preparation or review of this Deed of Trust, and any other instrument or document deemed necessary or appropriate by Noteholder, or its counsel in connection with the indebtedness secured hereby and all such fees and expenses incurred in enforcing the terms of this Deed of Trust and any other such instrument or agreement or in any suit to which the Noteholder may become a party where the Obligation or this Deed of Trust is in any manner involved and all expenses incurred in presenting a claim against the estate of a decedent or a bankrupt and will also pay any attorneys' fees and expenses reasonably incurred in connection with the assignment to Noteholder of any leases subsequently entered into by Grantor of the Mortgaged Premises as additional collateral to secure payment of the indebtedness herein secured as well as any and all such fees and expenses reasonably incurred prior to full and final payment of such indebtedness relating to future advances, transfer of title to the premises and similar matters not otherwise provided for herein. Interest shall accrue on all amounts due and payable hereunder to the Noteholder at a rate of 18% per annum from and after the date of demand for payment.
24. Environmental. The Grantor will be and remain in compliance with the provisions of all federal, state and local environmental, health, and safety laws, codes and ordinances, and all rules and regulations issued thereunder affecting the Mortgaged Premises; notify the Noteholder immediately of any notice of a hazardous discharge or environmental complaint received from any governmental agency or any other party; notify the Noteholder immediately of any hazardous discharge from or affecting the Mortgaged Premises; immediately contain and remove the same, in compliance with all applicable laws; promptly pay any fine or penalty assessed in connection therewith; permit the Noteholder to inspect the Mortgaged Premises and all books, correspondence and

records pertaining to the Mortgaged Premises; and permit the Noteholder, at the Grantor's expense, to have the Mortgaged Premises inspected and to have tests conducted thereon. Except as previously disclosed to the Noteholder in writing, to the best of Grantor's knowledge, there are no hazardous materials placed, held, located or disposed of on, under or at the Mortgaged Premises, or any part thereof and neither the Mortgaged Premises, nor any part thereof, has ever been used (whether by the Grantor or by any other person or entity) as a dump site or storage (whether permanent or temporary) site for any hazardous material. The Grantor hereby indemnifies the Trustee and Noteholder and agrees to hold the Trustee and Noteholder harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses, and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Trustee or Noteholder for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, leakage, spillage, discharge, emission or release from the Mortgaged Premises of any hazardous material regardless of whether or not caused by, or within the control of, the Grantor.

25. **Notices.** All notices or demands required or permitted to be in writing hereunder, shall be deemed to be delivered when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Grantor or Noteholder at the respective addresses set forth herein or at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith.

26. **Use of Proceeds.** The \$440,000.00 Note described in paragraph 1(a) hereof renews and extends the unpaid balance that Grantor owes on (a) a prior note in the original principal sum of \$145,000.00, which is dated December 31, 2009, executed by Jerry Don Artho, and payable to the order of Panhandle-Plains Land Bank, FLCA, which prior note is secured by a Deed of Trust of even date therewith covering Tract 1 of the Mortgaged Premises from Jerry Don Artho to Robert R. Williams, Jr., Trustee, and recorded in Volume 50, Page 307 of the Official Public Records of Armstrong County, Texas, and (b) a prior note in the original principal sum of \$120,150.00, which is dated December 31, 2008, executed by Jerry Artho, and payable to the order of JP Morgan Chase Bank, N.A., which prior note is secured by a Deed of Trust of even date therewith covering Tract 2 of the Mortgaged Premises from Jerry Don Artho to Randall B. Durant, Trustee, and recorded in Clerk's File No. 08 2872 of the Official Public Records of Deaf Smith County, Texas, as modified by instrument recorded under Clerk's File No. 12-0131 of said records, and (c) a prior note in the original principal sum of \$250,000.00, which is dated December 22, 2011, executed by Jerry Artho, and payable to the order of JP Morgan Chase Bank, N.A., which prior note is secured by a Deed of Trust of even date therewith covering Tract 2 of the Mortgaged Premises from Jerry Don Artho to Randall B. Durant, Trustee, and recorded in Clerk's File No. 12-0117 of the Official Public Records of Deaf Smith County, Texas. Grantor acknowledges that the liens securing the prior notes are valid, that they subsist against the Mortgaged Premises, and that by this instrument the liens are renewed and extended in full force until the Obligation is paid. The prior notes and the liens securing the same have been duly released or transferred and assigned to Noteholder.

27. **Prior Liens.** If Grantor fails to pay any part of principal or interest on any indebtedness secured by a prior lien or liens on the Mortgaged Premises when it becomes payable or defaults on any prior lien instrument, the Obligation secured by this Deed of Trust shall immediately become payable at the option of Noteholder. The lien created by this instrument shall be subordinate to the lien securing payment of a note, as renewed, extended, reamortized, or otherwise adjusted periodically, in the original principal sum of \$1,000,000.00, which is dated May 29, 2012, executed by Jerry Artho, payable to the order of Happy State Bank, and more fully described in a Deed of Trust recorded under Clerk's File No. 12-1071 of the Official Public Records of Deaf Smith County, Texas. If default occurs in payment of any part of principal or interest of that \$1,000,000.00 note or in observance of any covenants of the Deed of Trust securing it, the Obligation secured by this Deed of Trust shall immediately become payable at the option of Noteholder.

28. **Homestead Disclaimer.** Grantor represents to Noteholder that no part of the Mortgaged Premises is the homestead of Grantor and that Grantor neither does nor intends to reside in or on the Mortgaged Premises. Grantor renounces all present and future rights to a homestead exemption for the Mortgaged Premises. Grantor acknowledges that Noteholder relies on the truth of representations in this paragraph in making the loan secured by this Deed of Trust.

29. **Waiver.** To the maximum extent permitted by applicable law, Grantor hereby waives all rights, remedies, claims and defenses based upon or related to Sections 51.003, 51.004, and 51.005 of the Texas Property Code, to the extent the same pertain to any enforcement of the Obligation and this Deed of Trust.

TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) BORROWER IS REQUIRED TO: (i) KEEP THE MORTGAGED PREMISES INSURED AGAINST DAMAGE IN THE AMOUNT NOTEHOLDER SPECIFIES; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME NOTEHOLDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (B) BORROWER MUST, IF REQUIRED BY NOTEHOLDER, DELIVER TO NOTEHOLDER A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), NOTEHOLDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

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NOTICE

THIS WRITTEN DEED OF TRUST REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Dated as of the 26th day of December, 2012.

Grantor:

*Jerry Artho*  
JERRY ARTHO

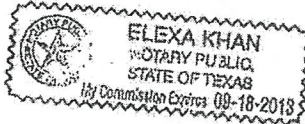
STATE OF TEXAS  
COUNTY OF ~~POTTER~~ *Randall*

This instrument was acknowledged before me on this *27* day of December, 2012, by JERRY ARTHO.

*Imelda DeLaCerna*  
Notary Public, State of Texas

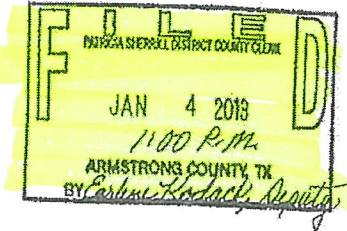
STATE OF TEXAS  
COUNTY OF ARMSTRONG

I hereby certify that this instrument was FILED on the date and time affixed hereon by me and was duly RECORDED in Volume and Page of the Records of Armstrong County, Texas as stamped hereon by me.



Patricia Sheriff  
Armstrong Co. - Dist. Clerk  
Armstrong County, Texas

By *E. Kodack, Deputy*



AFTER RECORDING RETURN TO:

Henry State Bank  
701 S. Taylor, Box 1, R. 120  
Amarillo, Texas 79101

*Ret. on* AFTER Recording Ret. to  
Stewart Title  
203 N 15th Street  
Canyon, TX 79015

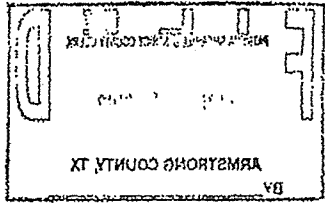


FILED and certified as RECORDED in the Official Public Records of Deaf Smith County on the date and time stamped. Imelda DeLaCerna, County Clerk, Deaf Smith County, Texas.

By: *Diana Cerna*

Page 11 of 11  
Deputy April 1, 2013 (10:49am)

13-0543



ARMSTRONG COUNTY TX  
FEBRUARY 1968  
BY \_\_\_\_\_



**HAPPY STATE BANK**  
**AND TRUST COMPANY**

DATE: 2/23/15  
TO:  
ATTN:  
FROM: Cindy Prater -- Loan Administration  
RE: Jerry Artho  
LOAN NO.: 1660414-57579

PLEASE BE ADVISED THAT THE PAYOFF ON THE ABOVE REFERENCED LOAN THRU 2/23/15 IS AS FOLLOWS:

PRINCIPAL BALANCE	\$ 249,884.69
INTEREST THRU 2/23/15	\$ 6,165.56
TOTAL DUE	\$ 256,050.25

PLEASE ADD INTEREST AT \$29.50 PER DAY FROM 2/23/15 THROUGH THE DATE THE PAYOFF IS RECEIVED BY OUR OFFICE. ANY PAYOFF RECEIVED AFTER 3:00PM WILL REQUIRE AN ADDITIONAL DAY'S INTEREST. WIRING INSTRUCTIONS ARE AS FOLLOWS: HAPPY STATE BANK, P.O. BOX 68, HAPPY, TX 79042, (806)358-2265, ROUTING #111310870

Happy State Bank

Cindy Prater  
Loan Administration, 701 S. Taylor, Suite B-100, Box LB 120, Amarillo, TX 79101 / 358-5110



PROMISSORY NOTE

Table with 8 columns: Principal (\$250,000.00), Loan Date (07-29-2013), Maturity (07-29-2014), Loan No (67679), Coll / Coll (AE), Account (1669747), Officer (JVB), Initials. Includes a note: 'References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.'

Borrower: JERRY ARTHO, PO BOX 7, BUSHLAND, TX 79012

Lender: Happy State Bank, Canyon Branch, 1908 4th Avenue, P.O. Box 1, Canyon, TX 79016

Principal Amount: \$250,000.00

Date of Note: July 29, 2013

PROMISE TO PAY. JERRY ARTHO ("Borrower") promises to pay to Happy State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Fifty Thousand & 00/100 Dollars (\$250,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

CHOICE OF USURY CEILING AND INTEREST RATE. The interest rate on this Note has been implemented under the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code. The terms, including the rate, or index, formula, or provision of law used to compute the rate on the Note, will be subject to revision as to current and future balances, from time to time by notice from Lender in compliance with Section 303.103 of the Texas Finance Code.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 29, 2014. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Notwithstanding any other provision of this Note, Lender will not charge interest on any undisbursed loan proceeds. No scheduled payment, whether of principal or interest or both, will be due unless sufficient loan funds have been disbursed by the scheduled payment date to justify the payment.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.260% per annum. Interest prior to maturity on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point below, resulting in an initial rate of 4.250% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this Note be less than 4.250% per annum or more than (except for any higher default rate or Post Maturity Rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law. For purposes of this Note, the "maximum rate allowed by applicable law" means the greater of (A) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (B) the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the rate of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Happy State Bank, Canyon Branch, 1908 4th Avenue, P.O. Box 1, Canyon, TX 79016.

POST MATURITY RATE. The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.



AGRICULTURAL SECURITY AGREEMENT

Table with 7 columns: Principal (\$250,000.00), Loan Date (07-29-2013), Maturity (07-29-2014), Loan No (57579), Call / Coll (AE), Account (1659747), Officer (JVB), Initials. Includes a note: 'References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.'

Grantor: JERRY ARTHO, PO BOX 7, BUSHLAND, TX 79012
Lender: Happy State Bank, Canyon Branch, 1909 4th Avenue, P.O. Box 1, Canyon, TX 79015

THIS AGRICULTURAL SECURITY AGREEMENT dated July 29, 2013, is made and executed between JERRY ARTHO ("Grantor") and Happy State Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

All Accounts, Equipment, General Intangibles and Farm Products
The Collateral includes any and all of Grantor's present and future accounts, accounts receivable, other receivables, contract rights, instruments, documents, notes, and all other similar obligations and indebtedness that may now and in the future be owed to or held by Grantor from whatever source arising, and all monies and proceeds payable thereunder, and all of Grantor's rights and remedies to collect and enforce payment and performance thereof, as well as to enforce any guarantees of the foregoing and security therefor, and all of Grantor's present and future rights, title and interest in and with respect to the goods, services, and other property that may give rise to or that may secure any of the foregoing, including without limitation Grantor's insurance rights with regard thereto, and all present and future general intangibles of Grantor in any way related or pertaining to any of the foregoing, including without limitation Grantor's account ledgers, books, records, files, computer disks and software, and all rights that Grantor may have with regard thereto.

The Collateral includes any and all of Grantor's new owned and hereafter acquired equipment, machinery, furniture, furnishings and fixtures of every type and description, and all accessories, attachments, additions, substitutions, replacements and additions thereto, whether added now or later, and all proceeds derived or to be derived therefrom, including without limitation any equipment purchased with the proceeds, and all insurance proceeds and refunds of insurance premiums, if any, and any sums that may be due from third parties who may cause damage to any of the foregoing, or from any insurer, whether due to judgment, settlement or other process, and any and all present and future chattel paper, instruments, notes and monies that may be derived from the sale, lease or other disposition of any of the foregoing, any rights of Grantor to collect or enforce payment thereof as well as to enforce any guarantees of the foregoing and security therefor, and all present and future general intangibles of Grantor in any way related or pertaining to the ownership, operation, or use of the foregoing, and any rights of Grantor with regard thereto.

The Collateral includes all general intangibles, choses in action and causes of action and all other intangible personal property and rights of Grantor of every nature and kind, now owned or hereafter acquired, including without limitation corporate or other business records, inventions, designs, blueprints, plans, specifications, patents, patent applications, trade marks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, tax refund claims, insurance proceeds, including without limitation insurance covering the lives of key employees on which Grantor is beneficiary, and any letter of credit, guaranty, claim, security interest, or other security held or granted to Grantor to secure payment of any indebtedness.

The Collateral includes any and all farm products, including aquatic goods produced in aquacultural operations whether classified as crops or livestock, harvested crops and all processed crops, whether or not produced by Grantor, livestock, poultry, feed, seed, fertilizer, insecticides, herbicides or other agricultural chemicals and supplies. Accounts and proceeds, all accounts receivable, contract rights, cash and non-cash proceeds from the sale, exchange, collection, or disposition of any collateral. All contract rights, chattel paper, documents, accounts, general intangibles, whether now owned or hereafter acquired by Grantor, including, but not limited to, payments in cash or in kind under any current or future estate or federal government programs, including but not limited to, governmental agricultural diversion programs, governmental agricultural systems programs, and all proceeds of the foregoing and all general intangibles.

The Collateral includes any and all of Grantor's present and future farm products, livestock, including aquatic goods produced in aquacultural operations, poultry, agricultural commodities and other farm products of every type and description, including without limitation all replacements and substitutions thereof and additions thereto, and further including without limitation any and all offspring, unborn livestock, and other products, previously, contemporaneously and/or in the future acquired by Grantor whether by purchase, exchange, accretion or otherwise, and all of Grantor's present and future inventory in any way derived or to be derived therefrom, whether held by Grantor or by others, and all documents of title, warehouse receipts, bills of lading, and other documents of every type covering all or any part of the foregoing, and all of Grantor's equipment in any way related thereto, and any and all additions thereto and substitutions and replacements thereof, and all accessories, attachments, and accessories thereto, and any and all additions thereto and substitutions and replacements thereof, and all of the foregoing, including without limitation all insurance proceeds and refunds of insurance premiums, if any, and all sums that may be due from third parties who may cause damage to any of the foregoing or from any insurer, whether due to judgment, settlement or other process, and any and all present and future accounts, contract rights, chattel paper, instruments, documents and notes that may be derived from the sale or other disposition of any of the foregoing, and any rights of Grantor to collect or enforce payment thereof, as well as to enforce any guarantees of the foregoing and security therefor, and all of Grantor's present and future general intangibles in any way related or pertaining to any of the foregoing, including without limitation Grantor's books, records, files, computer disks and software, and all rights that Grantor may have with regard thereto.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Agreement shall not secure, and the "indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made pursuant to a commitment or by for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to execute financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

Notice to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above for such other addresses as Lender may designate from time to time prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the authorized signor(s); (4) change in Grantor's principal office address; (5) change in Grantor's principal residence; (6) conversion



**SBLF BORROWER'S CERTIFICATION**

Principal \$250,000.00	Loan Date 07-29-2013	Maturity 07-29-2014	Loan No 57579	Call / Coll AE	Account 1659747	Officer JVB	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: JERRY ARTHO  
PO BOX 7  
BUSHLAND, TX 79012

Lender: Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79015

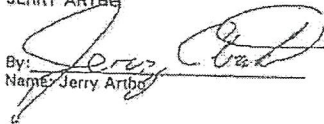
**SBLF BORROWER'S CERTIFICATION**

In connection with that certain small business loan, referenced above (the "Loan") being made by HAPPY STATE BANK, having an address at 701 South Taylor Street, Suite 200, Amarillo, Texas 79101 (together with its successors and/or assigns, "Lender") to JERRY ARTHO, an individual, having an address at 19310 McPherson Bushland TX 79015 ("Borrower"), which Loan meets the requirements of a "small business loan" as defined under the United States Treasury Small Business Lending Fund (the "SBLF") created under the Small Business Jobs Act of 2010, the undersigned hereby represents, warrants and certifies to Lender as of this 29th day of July, 2013 as follows:

1. I am the Borrower and am authorized to execute this certification.
2. I have not been convicted in any jurisdiction within 10 years prior to the date hereof of any felony or misdemeanor in connection with the purchase or sale of a security or involving the making of a false filing with the Securities and Exchange Commission or the Commodities Futures Trading Commission.
3. I have not been convicted or pled nolo contendere to any charge of tax fraud or tax evasion under any federal, state, foreign or local tax law.
4. I have not been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act, 42 U.S.C. §16911).
5. I know of no reason for which the Loan will not qualify as "small business loan."

IN WITNESS WHEREOF, the undersigned has caused this Borrower's Certification to be executed as of the day and year first above written.

BORROWER:  
JERRY ARTHO

By:   
Name: Jerry Artho

As used herein and as defined by the SBLF, a "small business loan" is a loan that (1) has an original principal and commitment amount of \$10 million or less, (2) does not go to a business with more than \$50 million in revenues, and (3) falls with one of the following Call Report categories (i) commercial and industrial loans, (ii) owner-occupied nonfarm, nonresidential real estate loans, (iii) loans to finance agricultural production and other loans to farmers, or (iv) loans secured by farmland.  
70673.000001 EMF\_US 37109463v1





**ERRORS AND OMISSIONS AGREEMENT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$250,000.00	07-29-2013	07-29-2014	57579	AE	1659747	JVB	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JERRY ARTHO  
PO BOX 7  
BUSHLAND, TX 79012

**Lender:** Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79016

PROPERTY ADDRESS: TX  
LOAN NO.: 57579

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.  
DATED effective this July 29, 2013

**BORROWER:**  
X:   
JERRY ARTHO

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

X \_\_\_\_\_  
(Notary Public)

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

USA FAS Software, Ver. 12.2.2010 © Core Market Financial Solutions, Inc. 12/17/2012. All Rights Reserved. -TX C:\HF\LAND\CP\ALL\18.FC TR-44200 TR-13



**DISBURSEMENT REQUEST AND AUTHORIZATION**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$250,000.00	07-29-2013	07-29-2014	57579	AE	1659747	JVB	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*" has been omitted due to text length limitations.

**Borrower:** JERRY ARTHO  
PO BOX 7  
BUSHLAND, TX 79012

**Lender:** Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79016

**LOAN TYPE.** This is a non-precomputed Variable Rate Nondisclosable Revolving Line of Credit Loan to an individual for \$250,000.00 due on July 29, 2014.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family or Household Purposes.
- Personal Investment.
- Business, Agricultural and All Other.

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Renewal of Line of Credit .

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$250,000.00 as follows:

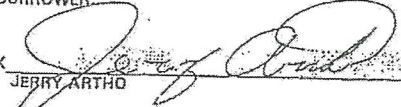
Undisbursed Funds:	\$463.91
Other Disbursements:	\$249,536.09
\$249,536.09 Renew Note #57579	
Note Principal:	\$250,000.00

**CHARGES PAID IN CASH.** Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	\$200.00
\$200.00 Loan Origination Fee	
Total Charges Paid in Cash:	\$200.00

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JULY 29, 2013.

**BORROWER:**

X   
JERRY ARTHO



**HAPPY STATE BANK**  
AND TRUST COMPANY

DATE: 2/23/15  
TO:  
ATTN:  
FROM: Cindy Prater -- Loan Administration  
RE: Jerry Artho dba Artho Cattle  
LOAN NO.: 1660414-57578

PLEASE BE ADVISED THAT THE PAYOFF ON THE ABOVE REFERENCED LOAN THRU 2/23/15 IS AS FOLLOWS:

PRINCIPAL BALANCE	\$ 796,720.56
INTEREST THRU 2/23/15	\$ 21,585.56
<b>TOTAL DUE</b>	<b>\$ 818,306.12</b>

PLEASE ADD INTEREST AT \$94.06 PER DAY FROM 2/23/15 THROUGH THE DATE THE PAYOFF IS RECEIVED BY OUR OFFICE. ANY PAYOFF RECEIVED AFTER 3:00PM WILL REQUIRE AN ADDITIONAL DAY'S INTEREST. WIRING INSTRUCTIONS ARE AS FOLLOWS: HAPPY STATE BANK, P.O. BOX 68, HAPPY, TX 79042, (806)358-2265, ROUTING #111310870

Happy State Bank

Cindy Prater  
Loan Administration, 701 S. Taylor, Suite B-100, Box LB 120, Amarillo, TX 79101 / 358-5110

**PROMISSORY NOTE**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,000,000.00	07-29-2013	07-29-2014	87578	AE	1659747	JVB	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JERRY ARTHO DBA: ARTHO CATTLE  
PO BOX 7  
BUSHLAND, TX 79012

**Lender:** Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79016

**Principal Amount:** \$1,000,000.00

**Date of Note:** July 28, 2013

**PROMISE TO PAY.** JERRY ARTHO ("Borrower") promises to pay to Happy State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million & 00/100 Dollars (\$1,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

**CHOICE OF USURY CEILING AND INTEREST RATE.** The interest rate on this Note has been implemented under the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code. The terms, including the rate, or index, formula, or provision of law used to compute the rate on the Note, will be subject to revision as to current and future balances, from time to time by notice from Lender in compliance with Section 303.103 of the Texas Finance Code.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 29, 2014. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Note. Lender will not charge interest on any undisbursed loan proceeds. No scheduled payment, notwithstanding any other provision of this due unless sufficient loan funds have been disbursed by the scheduled payment date to justify the payment.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will toll Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 3.250% per annum. Interest prior to maturity on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point over the index, rounded to the nearest 0.125 percent, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 4.250% per annum based on a year of 360 days. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 4.250% per annum or more than (except for any higher default rate or Post Maturity Rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law. For purposes of this Note, the "maximum rate allowed by applicable law" means the greater of (A) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (B) the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the rate of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a pro-rata basis of a year of 365 or 366 days, as the case may be. All interest payable under this Note is computed using this method.

**PREPAYMENT.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntarily or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation marked "paid in full", "without recourse", or similar language. If Borrower stops such a payment, Borrower agrees not to send Lender payments Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Happy State Bank, Canyon Branch, 1908 4th Avenue, P.O. Box 1, Canyon, TX 79016.

**POST MATURITY RATE.** The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan, This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the proceeding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.



PROMISSORY NOTE (Continued)

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

CHOICE OF VENUE. If there is a lawsuit, and if the transaction evidenced by this Note occurred in Randall County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Randall County, State of Texas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein:

- (A) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Potter County, State Texas
- (B) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Oldham County, State Texas
- (C) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Armstrong County, State Texas
- (D) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Randall County, State Texas
- (E) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Randall County, State Texas
- (F) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Randall County, State Texas
- (G) a Deed of Trust dated July 29, 2013, to a trustee in favor of Lender on real property located in Randall County, State Texas
- (H) accounts, equipment, general intangibles and farm products described in an Agricultural Security Agreement dated July 29, 2013
- (I) securities or investments described in a Commercial Pledge Agreement dated July 29, 2013.

OS

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure. This revolving line of credit shall not be subject to Ch. 346 of the Texas Finance Code.

NOTICE OF FINAL AGREEMENT. THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

RENEWAL AND EXTENSION. This Note is given in renewal and extension and not in novation of the following described indebtedness: a Promissory Note # 57578 dated May 20, 2012 in the amount of \$1,000,000.00.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: HAPPY STATE BANK ATTN: Loan Admin 701 S. Taylor, LB 120 Amarillo, TX 79101.

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum unauthorized fee shall, instead of charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

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

BORROWER:

JERRY ARTHO A/K/A JERRY D. ARTHO A/K/A JERRY DON ARTHO



**AGRICULTURAL SECURITY AGREEMENT**

Principal \$1,000,000.00	Loan Date 07-29-2013	Maturity 07-29-2014	Loan No 57578	Call / Coll AE	Account 1659747	Officer JVB	Initials
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References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

Grantor: **JERRY ARTHO**  
 PO BOX 7  
 BUSHLAND, TX 79012

Lender: **Happy State Bank**  
 Canyon Branch  
 1908 4th Avenue  
 P.O. Box 1  
 Canyon, TX 79015

THIS AGRICULTURAL SECURITY AGREEMENT dated July 29, 2013, is made and executed between JERRY ARTHO ("Grantor") and Happy State Bank ("Lender").

**GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

**All Accounts, Equipment, General Intangibles and Farm Products**

The Collateral includes any and all of Grantor's present and future accounts, accounts receivable, other receivables, contract rights, instruments, documents, notes, and all other similar obligations and indebtedness that may now and in the future be owed to or held by Grantor from whatever source arising, and all monies and proceeds payable thereunder, and all of Grantor's rights and remedies to collect and enforce payment and performance thereof, as well as to enforce any guarantees of the foregoing and security therefor, and all of Grantor's present and future rights, title and interest in and with respect to the goods, services, and other property that may give rise to or that may secure any of the foregoing, including without limitation Grantor's insurance rights with regard thereto, and all present and future general intangibles of Grantor in any way related or pertaining to any of the foregoing, including without limitation Grantor's account ledgers, books, records, files, computer disks and software, and all rights that Grantor may have with regard thereto.

The Collateral includes any and all of Grantor's now owned and hereafter acquired equipment, machinery, furniture, furnishings and fixtures of every type and description, and all accessories, attachments, accessions, substitutions, replacements and additions thereto, whether added now or later, and all proceeds derived or to be derived therefrom, including without limitation any equipment purchased with the proceeds, and all insurance proceeds and refunds of insurance premiums, if any, and any sums that may be due from third parties who may cause damage to any of the foregoing, or from any insurer, whether due to judgment, settlement or other process, and any and all present and future chattel paper, instruments, notes and monies that may be derived from the sale, lease or other disposition of any of the foregoing, any rights of Grantor to collect or enforce payment thereof as well as to enforce any guarantees of the foregoing and security therefor, and all present and future general intangibles of Grantor in any way related or pertaining to the ownership, operation, or use of the foregoing, and any rights of Grantor with regard thereto.

The Collateral includes all general intangibles, choses in action and causes of action and all other intangible personal property and rights of Grantor of every nature and kind, now owned or hereafter acquired, including without limitation corporate or other business records, inventions, designs, blueprints, plans, specifications, patents, patent applications, trade marks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, tax refund claims, insurance proceeds, including without limitation insurance covering the lives of key employees on which Grantor is beneficiary, and any letter of credit, guaranty, claim, security interest, or other security held or granted to Grantor to secure payment of any indebtedness.

The Collateral includes any and all farm products, including aquaculture goods produced in aquacultural operations whether classified as crops or livestock, harvested crops and all processed crops, whether or not produced by Grantor, livestock, poultry, feed, seed, fertilizer, insecticides, herbicides or other agricultural chemicals and supplies. Accounts and proceeds, all accounts receivable, contract rights, cash and non-cash proceeds from the sale, exchange, collection, or disposition of any collateral. All contract rights, chattel paper, documents, accounts, general intangibles, whether now owned or hereafter acquired by Grantor, including, but not limited to, payments in cash or in kind (under any current or future estate or federal government programs), including but not limited to, governmental agricultural diversion programs, governmental agricultural systems programs, and all proceeds of the foregoing and all general intangibles.

The Collateral includes any and all of Grantor's present and future farm products, livestock, including aquaculture goods produced in aquacultural operations, poultry, agricultural commodities and other farm products of every type and description, including without limitation all replacements and substitutions therefor and additions thereto, and further including by Grantor whether by purchase, exchange, accretion or otherwise, and all products, previously, contemporaneously and/or in the future acquired by Grantor whether by purchase, exchange, accretion or otherwise, and all of Grantor's present and future inventory in any way derived or to be derived therefrom, whether held by Grantor or by others, and all documents of title, warehouse receipts, bills of lading, and other documents of every type covering all or any part of the foregoing, and all of Grantor's equipment in any way related thereto, and any and all additions thereto and substitutions and replacements therefor, and all accessories, attachments, and accessions thereto, whether added now or later, and all other products and proceeds derived or to be derived therefrom, including without limitation all insurance proceeds and refunds of insurance premiums, if any, and all sums that may be due from third parties who may cause damage to any of the foregoing or from any insurer, whether due to judgment, settlement or other process, and any and all present and future accounts, contract rights, chattel paper, instruments, documents and notes that may be derived from the sale or other disposition of any of the foregoing, and any rights of Grantor to collect or enforce payment thereof, as well as to enforce any guarantees of the foregoing, including without limitation Grantor's books, records, files, computer disks and software, and all rights that Grantor may have with regard thereto.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Agreement shall not secure, and the "indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

**FUTURE ADVANCES.** In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to execute financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the authorized signer(s); (4) change in Grantor's principal office address; (5) change in Grantor's principal residence; (6) conversion

**PROMISSORY NOTE**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,000,000.00	07-29-2013	07-29-2014	67578	AE	1659747	JVB	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JERRY ARTHO DBA: ARTHO CATTLE  
PO BOX 7  
BUSHLAND, TX 79012

**Lender:** Happy State Bank  
Canyon Branch  
1908 4th Avenue  
P.O. Box 1  
Canyon, TX 79016

**Principal Amount:** \$1,000,000.00

**Date of Note:** July 29, 2013

**PROMISE TO PAY.** JERRY ARTHO ("Borrower") promises to pay to Happy State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million & 00/100 Dollars (\$1,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

**CHOICE OF USURY CEILING AND INTEREST RATE.** The interest rate on this Note has been implemented under the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code. The terms, including the rate, or index, formula, or provision of law used to compute the rate on the Note, will be subject to revision as to current and future balances, from time to time by notice from Lender in compliance with Section 303.103 of the Texas Finance Code.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 29, 2014. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Notwithstanding any other provision of this Note, Lender will not charge interest on any undisbursed loan proceeds. No scheduled payment, whether of principal or interest or both, will be due unless sufficient loan funds have been disbursed by the scheduled payment date to justify the payment.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 3.250% per annum. Interest prior to maturity on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point over the index, rounded to the nearest 0.125 percent, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an actual rate of 4.250% per annum based on a year of 360 days. **NOTICE.** Under no circumstances will the interest rate on this Note be less than 4.250% per annum or more than (except for any higher default rate or Post Maturity Rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law. For purposes of this Note, the "maximum rate allowed by applicable law" means the greater of (A) the "Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All interest payable under this Note is computed using this method.

**PREPAYMENT.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses fee required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Happy State Bank, Canyon Branch, 1908 4th Avenue, P.O. Box 1, Canyon, TX 79016.

**POST MATURITY RATE.** The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or hereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence or the appointment of a receiver for any part of Borrower's property, any assignment of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency law.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, voluntary repossession or any other method, by any creditor of Borrower or by any governmental agency. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, on any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender's performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire indebtedness, including the unpaid accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note, immediately due, without notice, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire an attorney to help collect this Note if Borrower does not pay the amount due. Borrower also will pay Lender all other amounts Lender actually incurs in recording, releasing to any public office any instrument securing this Note; the reasonable cost actual preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of security for this Note, or premiums or identifiable charges received in connection with the sale of authorized

A simple title search's EVIDENCE &/or word of mouth, reveals Artho's "Slandered Title" & "Price Fixing".

ILLEGALLY ruins Artho's present & future credit.

#6 count of Racketeering when Happy ILLEGALLY Filed & Recorded, the Deed of Trust with the WRONG, legal land description on Artho's Apache Point.

A simple title search's EVIDENCE &/or word of mouth, reveals Artho's "Slandered Title" & "Price Fixing".

Is an attempt to fraudulently eliminate Artho's "Other Options".

#7 count of Racketeering when Happy ILLEGALLY Filed & Recorded, the Deed of Trust with the WRONG, legal land description on Artho's Apache Point.

A simple title search's EVIDENCE &/or word of mouth, reveals Artho's "Slandered Title" & "Price Fixing".

Is a "Conflict of Interest" of Happy's "Fiduciary Responsibilities".

#8 count of Racketeering when Happy ILLEGALLY Filed & Recorded, the Deed of Trust with the WRONG, legal land description on Artho's Apache Point.

A simple title search's EVIDENCE &/or word of mouth, reveals Artho's "Slandered Title" & "Price Fixing".

Is a "Banking Violation" of Happy's "Fiduciary Responsibilities" against Artho &/or any banking customer.

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Dec. 26th 2012

If ALL ORIGINAL documentation & ALL Notaries signature books are legal.

#9 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.

The addition is NOT initialed by Happy, nor by Artho.

RP 1222-1224

#10 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho from refinancing with another bank, due to collateral complications.

#11 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho & Artho's fellow Realtors from selling Artho's MLS properties, due to closing complications.



#12 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.  
The addition is NOT initialed by Happy, nor by Artho.  
A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.  
ILLEGALLY devalues & "Price Fixing" of Artho's property, due to the slandering of Artho's name & credibility.

#13 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.  
The addition is NOT initialed by Happy, nor by Artho.  
A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.  
ILLEGALLY ruins Artho's present & future credit.

#14 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.  
The addition is NOT initialed by Happy, nor by Artho.  
A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.  
Is an attempt to fraudulently eliminate Artho's "Other Options".

#15 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.  
The addition is NOT initialed by Happy, nor by Artho.  
A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.  
Is a "Conflict of Interest" of Happy's "Fiduciary Responsibilities".

#16 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Promissory Note.  
The addition is NOT initialed by Happy, nor by Artho.  
A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.  
Is a "Banking Violation" of Happy's "Fiduciary Responsibilities" against Artho &/or any banking customer.

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Dec. 28th 2012

If ALL ORIGINAL documentation & ALL Notaries signature books are legal.

#17 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.  
The addition is NOT initialed by Happy, nor by Artho.  
RP 1225-1236

#18 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho from refinancing with another bank, due to collateral complications.

#19 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho & Artho's fellow Realtors from selling Artho's MLS properties, due to closing complications.

#20 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY devalues & "Price Fixing" of Artho's property, due to the slandering of Artho's name & credibility.

#21 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY ruins Artho's present & future credit.

#22 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

Is an attempt to fraudulently eliminate Artho's "Other Options".

#23 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

Is a "Conflict of Interest" of Happy's "Fiduciary Responsibilities".

#24 count of Racketeering when Happy ILLEGALLY added, hand written in account #1659747.59420 to a Filed & Recorded Deed of Trust, Security Agreement And Financing Statement.

The addition is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

Is a "Banking Violation" of Happy's "Fiduciary Responsibilities" against Artho &/or any banking customer.

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July 29th 2013

If ALL ORIGINAL documentation & ALL Notaries signature books are legal.

EVIDENCE of Artho's &/or others unknown Happy banking account numbers.

RP 1131-1133

RP 1136-1141

RP 1153

RP 1181

#25 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification.

The ILLEGAL change is NOT initialed by Happy, nor by Artho.

RP 110

RP 1142

#26 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification.

The ILLEGAL change is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho from refinancing with another bank, due to collateral complications.

#27 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification.

The ILLEGAL change is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY prevents Artho & Artho's fellow Realtors from selling Artho's MLS properties, due to closing complications.

#28 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification.

The ILLEGAL change is NOT initialed by Happy, nor by Artho.

A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation.

ILLEGALLY devalues & "Price Fixing" of Artho's property, due to the slandering of Artho's name & credibility.

#29 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification. The ILLEGAL change is NOT initialed by Happy, nor by Artho. A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation. ILLEGALLY ruins Artho's present & future credit.

#30 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification. The ILLEGAL change is NOT initialed by Happy, nor by Artho. A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation. Is an attempt to fraudulently eliminate Artho's "Other Options".

#31 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification. The ILLEGAL change is NOT initialed by Happy, nor by Artho. A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation. Is a "Conflict of Interest" of Happy's "Fiduciary Responsibilities".

#32 count of Racketeering when Happy ILLEGALLY scratched out account #1659747 & ILLEGALLY hand wrote in, account #1660414, to a SBLF Borrower's Certification. The ILLEGAL change is NOT initialed by Happy, nor by Artho. A simple title search's EVIDENCE &/or word of mouth, reveals Happy's fraudulent loan documentation. Is a "Banking Violation" of Happy's "Fiduciary Responsibilities" against Artho &/or any banking customer.

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July 29th 2013

If ALL ORIGINAL documentation & ALL Notaries signature books are legal.

Reference to a Promissory Note on one of Artho's revolving loans.

#33 count of Racketeering when Happy, ILLEGALLY Filed & Recorded Artho's Deaf Smith County Double A property, in the WRONG County of Randall. RP 108-109

#34 count of Racketeering when Happy, ILLEGALLY Filed & Recorded Artho's Deaf Smith County Double A property, in the WRONG County of Randall. A simple title search's EVIDENCE &/or word of mouth, reveals Artho's "Slandered Title" & "Price Fixing". ILLEGALLY prevents Artho from refinancing with another bank, due to collateral complications.

#35 count of Racketeering when Happy, ILLEGALLY Filed & Recorded Artho's Deaf Smith County Double A property, in the WRONG County of Randall.