

This conveyance is made and accepted expressly subject to those matters set forth in Exhibit "B" attached hereto and incorporated herein for all purposes.

Grantor expressly agrees to grant unto Grantee partial releases of the Vendor's Lien hereinafter retained and the Deed of Trust lien, each of which secures the above described Note, such releases to be granted in accordance with the partial release provisions set forth in Exhibit "C" attached hereto and incorporated herein for all purposes.

Grantor, its successors and assigns, expressly agree to the following conditions and provisions:

- (1) The holder of the above described Note agrees to sign, without charge, any and all consents required by any governmental authority for the filing of subdivision maps affecting the above described property or any part thereof.
- (2) The holder of said Note agrees to sign any and all dedications of roads, streets, alleys, utility easements, drainage easements, and restrictions.
- (3) The holder of said Note agrees without charge to sign any and all consents which may be necessary to create or join with a water control and improvement district, within which is included the subject property.
- (4) The holder of said Note agrees without charge to sign any and all consents to any covenants and restrictions which may be hereafter imposed upon the subject property, or any part thereof, by the owners provided, however, that no structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings shall be used on any lot at any time as a residence, either temporarily or permanently. No noxious or offensive activity shall be permitted upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.
- (5) It is understood and agreed that, for any streets or roads dedicated, and for any easements for utilities or otherwise dedicated, Grantee shall pay to Grantor in cash, a sum equal to the cash per acre release price (as set forth in Exhibit "C") times the number of acres required for such dedications, and further that Grantee shall pay, in cash, for any acreage used for construction or any water district facilities at the cash per acre release price.

It is understood that Grantor shall have not less than ten (10) working days in which to approve and sign the above plats, dedications, etc.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in any-wise belonging, unto the said Grantee, his successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns, TO WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, his successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof, by, through or under it, but not otherwise.

But it is expressly agreed and stipulated that the Vendor's Lien is retained in favor of the Grantor against the above described property, premises and improvements, until the Note, and all interest thereon, is fully and finally paid according to its face and tenor, effect and reading, when this Deed shall become absolute.

EXECUTED this 14th day of December, 1977.

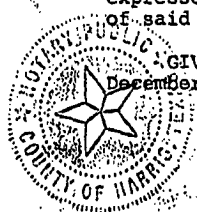
CHAMPION REALTY CORPORATION

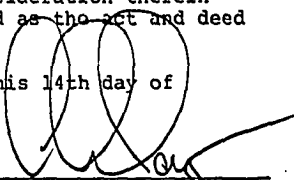
BY 
MICHAEL J. DAUGHN,
Vice President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared MICHAEL J. DAUGHN, Vice President of CHAMPION REALTY CORPORATION, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 14th day of December, 1977.




Notary Public in and for
Harris County, T e x a s

D. R. MUZZY AND ASSOCIATES, INC.

LAND SURVEYORS
1900 W. MAIN

BOX 499

PHONE 836-6631

BRENHAM, TEXAS 77833

VOL 1038 PAGE 654

CHAMPION REALTY

FIELD NOTES OF A PORTION OF A TRACT OF LAND called 844 acres, more or less, and being a portion of the 3555.166 acre tract described in a deed to the Champion Paper and Fiber Co., dated April 13, 1945, recorded in Volume 252, Page 113, Montgomery County Deed Records, and being the portion of said tract lying North of FM Highway 1484 and West of FM Highway 2432, more particularly described as follows:

SOUTH HALF:

BEGINNING at an iron pin set at the intersection of the Northwest line of FM Highway 1484 with the Southwest line of FM Highway 2432;

THENCE with the Northwest line of FM Highway 1484 S 30° 32' 46" W, 1198.80 ft.;

THENCE continuing with said highway on a curve to the right, having a radius of 2022.77 ft., a distance of 374.77 ft. to a point;

THENCE S 39° 50' 35" W, 645.09 ft.;

THENCE continuing with said highway line on a curve to the left, having a radius of 1860.03 ft a distance of 701.27 ft.;

THENCE continuing with the highway line S 23° 04' 49" W, 1171.67 ft. to a stake;

THENCE continuing on a curve to the left, having a radius of 1760.58 ft., a distance of 422.30 ft. to a point;

THENCE S 10° 04' W, 1111.35 ft. to a 2" pipe set in concrete in the West line of the original tract;

THENCE with said West line as presently staked and fenced N 44° 55' 37" W, 1033.03 ft. to a tree and fence corner;

THENCE S 67° 20' 40" W, 14.56 ft. to a fence corner at the Southeast corner of Camp Letitia;

THENCE with its original Southwest line as fenced and staked N 44° 56' 28" W, 3691.67 ft.

October 27, 1977
5605

Page 1 of 2

EXHIBIT "A"

D. R. MUZZY AND ASSOCIATES, INC.

LAND SURVEYORS

1900 W. MAIN

BOX 499

PHONE 836-8831

BRENHAM, TEXAS 77833

VOL 1038 PAGE 655

CHAMPION REALTY - Continued

to a point;

THENCE N 42° 36' 25" E, 4283.20 ft. to a concrete monument in the West line of FM Highway #2432;

THENCE with said highway line S 62° 32' 17" E, 310.80 ft. to a concrete monument;

THENCE S 65° 35' 12" E, 418.93 ft. to a fence line angle;

THENCE S 65° 46' 27" E, 175.54 ft. to a concrete monument;


THENCE S 65° 34' E, 175.40 ft. to a stake at a corner of Columbia Drilling Company, Rig #3;

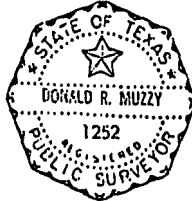
THENCE continuing with said highway S 65° 39' 21" E, 1302.15 ft. to a concrete monument;

THENCE continuing with said highway on a curve to the right, having a radius of 1904.94 ft., a distance of 509.67 ft. to an iron pin;

THENCE S 46° 35' 46" E, 319.06 ft. to the point or place of beginning containing 410.7685 acres of land.

October 27, 1977
5605


DONALD R. MUZZY
Registered Public Surveyor #1252
Brenham, Texas



Page 2 of 2

I, DONALD R. MUZZY, Registered Public Surveyor, do hereby certify that the plat and/or the description shown hereon accurately represents the results of an on the ground survey made under my direction and supervision on 9/16/77, and all corners are as shown hereon. There are no encroachments, conflicts or protrusions apparent on the ground except as shown.

This survey was performed in connection with the transaction described in G. F. No. _____ of _____ Title Company.

USE OF THIS SURVEY FOR ANY OTHER PURPOSE OR BY OTHER PARTIES SHALL BE AT THEIR OWN RISK AND THE UNDERSIGNED SURVEYOR IS NOT RESPONSIBLE FOR ANY LOSS RESULTING THEREFROM. (Uniform Certification adopted by the Texas Surveyors Association.)

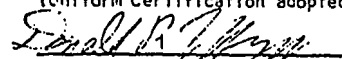

DONALD R. MUZZY - Registered Public Surveyor #1252
1900 West Main Street - Brenham, Texas 77833

EXHIBIT "A" CONTINUED

EXHIBIT "B"

This conveyance is made and accepted expressly subject to the following:

(1) Reservation by Grantor herein of a 1/32nd non-participating royalty interest in and to the oil, gas and other minerals lying in, on, or under the subject property.

(2) All oil, gas and other minerals, save and except a 1/32 non-participating royalty interest, as reserved by the Hutchings-Sealy National Bank of Galveston for the benefit of the Magnolia W. Sealy Trust, by deed dated April 13, 1945 in Volume 252, Page 113 Deed Records.

(3) Oil, Gas and Mineral Lease dated December 8, 1951 in Volume 323, Page 349 Deed Records, executed by Hutchings-Sealy National Bank of Galveston, et al to the Moran Corporation for a 5 year primary term with power to pool. Said lease subsequently ratified by agreement recorded in Volume 325, Page 306 Deed Records.

(4) Oil and Gas Lease dated March 29, 1956 in Volume 414, Page 10 Deed Records executed by Hutchings-Sealy National Bank of Galveston, Trustee under Indenture of Trust by Magnolia W. Sealy, dated September 2, 1932, to the Moran Corporation for a 1 year primary term with power to pool.

(5) Oil and Gas Lease dated May 5, 1959 in Volume 462, Page 486 Deed Records, executed by First Hutchings-Sealy National Bank of Galveston, Trustee, under Trust Indenture by Magnolia W. Sealy, dated September 2, 1932, to Morris K. Womack for a 3 year primary term with power to pool. Said lease assigned to Moran Utilities Company on May 6, 1959 in Volume 462, Page 497 Deed Records, who later subsequently assigned 1/4 interest to The Moran Corporation on May 15, 1959 in Volume 463, Page 469 Deed Records and 1/4 interest to Gar-Flo Oil Company on May 15, 1959 in Volume 463, Page 471 Deed Records.

(6) Easements granted to Sam Houston Electric Cooperative, Inc., by instrument dated October 9, 1953, in Volume 360, Page 209, Deed Records, dated October 23, 1956, in Volume 424, Page 371, Deed Records, and dated February 29, 1960, in Volume 478, Page 631, Deed Records, the locations of which are more particularly described therein, and as reflected by survey prepared by Donald R. Muzzy, dated September 16, 1977.

(7) Electrical lines as reflected by survey prepared by Donald R. Muzzy, dated September 16, 1977.

(8) Roadways as presently exist on the ground as reflected by survey prepared by Donald R. Muzzy, dated September 16, 1977.

(9) Boundary line agreement regarding the west line of said property as set out in instrument dated June 1946 in Volume 263, Page 225, Deed Records, executed by Champion Paper and Fibre Company, et al.

EXHIBIT "C"

Grantee, his successors or assigns, shall be entitled to releases on portions of said acreage, from time to time, of and from the above described Note, and the liens securing the same, all subject to the following terms and conditions, to-wit:

(1) No releases shall be given at any time that the Note herein referred to, or the terms and provisions of the Deed of Trust are in default.

(2) For each acre, or portion of an acre, which Grantee desires to be released, Grantee shall pay to Grantor either as a part of the obligatory payments of principal provided in said Note, or as a prepayment of principal upon said Note, an amount equal to 110% of the per acre purchase price, or prorata portion thereof, for areas less than one (1) acre.

(3) Prepayments shall be applied against the principal portion of the Note, and the principal amount of the next maturing installment shall be correspondingly reduces. At such time as that next maturing installment has been prepaid in full, any excess of such prepayment shall be applied to the final installment or installments of principal.

(4) Principal portions of an annual installment paid when due and not then applied to release of land, shall be a credit for application on a release subsequently requested; that is to say, all obligatory principal payments, as well as all prepayments, of principal, shall entitle Grantee to a partial release, whether requested at the time of said payment, or at any subsequent time thereto.

(5) It is contemplated that Grantee or his Nominee, will divide the subject property, and is understood and agreed that upon the dividing and surveying of the subject property into such tracts, that Grantor shall grant partial releases in at least five acre blocks, provided the subdivision layout does not preclude access as provided for in Paragraph (7) below. In other words, Grantee shall be allowed to release in five acre blocks, tracts in various parts of the subject property, provided the releases are done in an orderly manner pursuant to a subdivision plat approved by Grantor. Such approval shall not be unreasonably withheld by Grantor. Notwithstanding the above, it is expressly understood that not more than one-half of the property fronting on Highway 2432 for a depth of 200 feet, nor more than one-half the property fronting on Highway 1484 for a depth of 200 feet, shall be released until such time as the remainder of the property is released in its entirety.

(6) Descriptions and calculations of area or parcels to be released shall be prepared by a licensed land surveyor, and all release documents shall be furnished by Grantee at Grantee's expense.

(7) No releases shall be granted which shall have the effect of cutting off unreleased portions of said acreage from access to a public road, such access to be at least 60 feet in width.

In the event Grantee elects to make a substitution of the collateral provided to secure the Promissory Note payable to Grantor, the parties hereto agree as follows:

(8) Grantor shall release its lien on a given lot, acre, or more than one acre, parcel of land provided that Grantee assigns the note and deed of trust it has received from its third party buyer to Grantor. This release by Grantor and assignment back to Grantor will be on a same parcel by same parcel basis. In no instances will additional acreage be released.

(9) The release price for substitution of collateral shall be 200% of the gross selling price of the original land sold to Purchaser.

(10) (a) The original third party note and assignment shall be delivered to the Grantor.

(b) All third party notes will be collected by the escrow agent (bank, savings and loan, title company, etc.) mutually agreed upon by Grantor and Grantee.

(c) As funds become available in the escrow account, such funds will be distributed to Grantor and Grantee based upon a formula mutually agreed to by each.

(11) Payment on the Promissory Note payable to Grantor may be made from any source, but Grantor shall have the right to authorize direct payments of principal and interest from this escrow account on a quarterly basis in the event of default or late payments. Any deficit between the quarterly payment to Grantor and funds in escrow will be paid by Grantee. Should excess funds exist, distribution will be based on a mutually acceptable agreement between Grantor and Grantee, or based on Grantee's cash flow, which also will be mutually agreed upon.

(12) Grantor shall have the right to approve the third party note being assigned; however, such approval shall not be unreasonably withheld.

(13) Grantee shall personally guarantee all third party notes being assigned to Grantor.

(14) On any third party note which has been assigned to Grantor and which becomes delinquent and/or subsequently "falls out," it will be Grantee's responsibility to replace the note and/or to satisfy the deficiency by a cash payment within ninety (90) days of such delinquency notification classified by the escrow agent. A delinquent note is defined as any not falling into the category of being delinquent by more than sixty (60) days.

(15) Third party notes and deeds of trust being assigned to Grantor must be for a term not to exceed fifteen (15) years, with a payout of not more than fifteen (15) annual amortized payments bearing interest at the rate of at least eight (8%) per cent per annum, with the first installment due and payable one year or sooner from the date of such third party note and deed of trust.

EXHIBIT "C" -- page 3

(16) On a lot sale to third parties for cash, Grantor shall receive cash based on the cash release price set forth in the deed so assigned to Grantor, but in no event shall such cash be less than the cash release price in the deed between Grantor and Grantee.

(17) Grantee agrees to provide to Grantor a monthly detail analysis (computer runs, if available) showing the status of the notes previously assigned to Grantor as substituted collateral.

Grantor agrees to subordinate assigned notes and deeds of trust to a lending institution for an improvement (construction) loan to Grantee. The requirements and formula under which Grantor will subordinate the assigned notes and deeds of trust are as follows:

(18) Grantor reserves the right to approve the lending institution; however, such approval shall not be unreasonably withheld.

(19) Grantor reserves the right to review the estimates and all documents pertaining to the improvement (construction) loan.

(20) The original third party notes which have been subordinated to the lending institution will be released and returned by the lending institution upon full payment of the loan.

(21) The formula to be followed by Grantor on subordination of third party notes and deeds of trust to an improvement (construction) loan will be:

(a) On all notes of equal value assigned to Grantor, Grantor will subordinate 2/3 to an improvement (construction) loan, retaining 1/3 of the notes as security.

(b) In the event three notes of unequal value should be submitted, Grantor will retain the one with the highest value and subordinate the other two, provided the 2/3-1/3 relationship cannot be applied.

(22) Loans made by Grantee to be used for an improvement (construction) loan, using as collateral the subordinated notes of Grantor, may not be less than fifty (50%) per cent of the face value of those notes that have been so subordinated. In other words, for every \$1,000 in face value of subordinated notes, the borrowed funds cannot be less than \$500. However, the lending institution can lend any percentage above 50% up to 100% of the face value of the subordinated notes.

(23) In the event a third party buyer wishes to pay off his note (whether or not the same has been subordinated to the bank loan) and the bank takes the full cash proceeds to pay down its loan, the Grantee is obligated to pay Grantor the cash release price in its deed in order for Grantor to release its lien.

RETURN TO: CLIFFORD ISAACS, TR
c/o GARY MADDOX
2714 LOUISIANA
HOUSTON, TEXAS 77006

FILED FOR RECORD
AT 4:00 O'CLOCK P.M.

JAN 13 1978

ROY HARRIS, Clerk
County Court, Montgomery Co., Tx.
By *Jane Burman* Deputy