IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	**§**	
	§	
FQ/LB, L.P.,	**§**	**CASE NO. 18-31895**
	§	**(CHAPTER 11)**
DEBTOR.	**§**	

MOTION FOR (I) APPROVAL OF SALE OF REAL PROPERTY FREE AND CLEAR OF CERTAIN LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; AND (II) ORDER AUTHORIZING THE DEBTOR'S EXECUTION OF CLOSING DOCUMENTS AND PAYMENT OF CERTAIN CLOSING COSTS AND FEES

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 CALENDAR DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

FQ/LB, L.P., debtor and debtor-in-possession (the "***Debtor***"), files this Motion for (I) Approval of Sale of Real Property Free and Clear of Certain Liens, Claims, Interests and Encumbrances; and (II) Authorizing the Debtor's Execution of Certain Closing Documents and Payment of Certain Closing Costs and Fees (the "***Motion***").

Nature of the Relief Requested

1. The Debtor seeks Court approval to sell six unimproved residential real property lots in the Lake Breeze subdivision in Montgomery County, Texas, with addresses of:

10728 S. Lake Mist Lane, Willis, Texas 77318 (02/01/37)

10712 S. Lake Mist Lane, Willis, Texas 77318 (02/01/33)

10720 S. Lake Mist Lane, Willis, Texas 77318 (02/01/35)

10729 S. Lake Mist Lane, Willis, Texas 77318 (02/01/17)

10736 S. Lake Mist Lane, Willis, Texas 77318 (02/01/39)

10740 S. Lake Mist Lane, Willis, Texas 77318 (02/01/40)

(collectively, the "***Property***") to MG Interests (the "***Purchaser***") for a Purchase price of $360,000.00 (the "***Price***"), payable $36,000.00 at closing and the delivery of Purchaser's Promissory Note (the "***Note***") to Seller in the amount of $324,000.00, with monthly interest payments only of 5.25% for 60 months, with all unpaid interest, principal and other charges due upon the maturity of the Note. Repayment of the Note will be secured by a Deed of Trust and Security Interest, retaining a vendor's lien on the Property and other customary terms applicable to a mortgage on real estate (the "***Deed of Trust***"), as well as the personal guaranty of Karrie Yager, as the principals of the Purchaser. Karrie Yager, the principal of Purchaser, is a chiropractor who practices at the Memorial Chiropractic Clinic, in which Mr. Christie, the President of the Debtor's General Partner, also practices. Attached as **Exhibit A** is a copy of the contract and related addenda and amendment ("***Contract***"). Except as noted below, Debtor requests that the sale be made under 11 U.S.C. § 363(f), free and clear of certain liens, claims, interests and encumbrances, with the liens attaching to the sale proceeds and the Seller financing loan documents (the "***Loan Documents***"), which will be held pending further order of this Court.

2. A judgment lien of Old Kentucky Farms, LP ("***Old Kentucky Farms***") asserted to be in an amount of approximately $1.183 million encumbers the Property. In addition, Debtor believes there is likely a tax lien for accrued, but otherwise current property taxes.

3. From the sale proceeds, in accordance with the Contract, the Debtor requests that it be permitted to pay all of Seller's ordinary and necessary costs and fees incident to the sale, including real estate brokers' commissions of not more than five (5%) percent and an owners' title policy Debtor is required to provide under the Contract, prorated real estate taxes through the date of closing, and any ordinary and necessary costs and fees incident to the sale that the seller is required to pay pursuant to the Contract (collectively, "***Seller's Costs***").

4. The Debtor requests that it be authorized to consummate the sale, including executing in Debtor's discretion any necessary and appropriate closing documents and the Loan Documents, and further requests that the Debtor's estate receive the entire balance of the proceeds net of the foregoing Seller's Costs, with all liens, claims, interests and encumbrances, including Old Kentucky Farms' judgment lien (described more particularly herein), attaching to the remaining balance of the proceeds (after the foregoing Seller's Costs have been paid) as well as to the Loan Documents.

Jurisdiction and Venue

5. The Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. § 1334(b). This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(A) and (O) and arises in, and/or under, Title 11. The Court may grant the relief requested in this Motion under 11 U.S.C. § 363(f).

6. Venue in this Court is proper under 28 U.S.C. §§ 1408 and 1409.

7. This Court has constitutional authority to enter a final order regarding this matter. Court approval of the sale of the bankruptcy estate's interest in real property free and clear of liens, claims, interests and encumbrances has no equivalent in state law, thereby rendering the Supreme Court's opinion in *Stern v. Marshall* inapplicable. *See In re Carlew*, 469 B.R. 666, 672

(Bankr. S.D. Tex. 2012) (discussing *Stern v. Marshall*, 564 U.S. 462, 131 S.Ct. 2594, 180 L.Ed. 2d 475 (2011)). In the alternative, the sale of real property by a bankruptcy estate is an essential bankruptcy matter which triggers the public rights exception. *See Id.*

Factual and Procedural Background

8. On April 13, 2018 (the "***Petition Date***"), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "***Bankruptcy Code***"). The Debtor remains in the possession of its properties and the management of its business as debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

9. No Trustee, examiner or committee of creditors has been appointed in this case.

10. The Debtor is a land development partnership that owns interests in real estate developments on Lake Conroe, in Montgomery County, Texas, commonly referred to as French Quarter and Lake Breeze. Each development is described in sales materials as a beautiful and peaceful coastal-themed subdivision, surrounded by a national forest, and located alongside Lake Conroe, a 22,000-acre body of water. Lake Conroe is situated approximately 45 miles north of downtown Houston, and only 4 miles from Interstate 45. Debtor owns numerous individual residential lots, as well as some as yet undeveloped properties, that are available for sale. After the sale of three (3) lots during this Chapter 11 case, not fewer than 26 of these lots, with an aggregate estimated offering sales price of nearly $3.0 million—all served by underground utilities (water, sewer, gas and electrical connections) and completed roads—are currently available to be sold.

11. The Court approved Debtor's engagement of a real estate agent and broker, Creighton Realty Partners LLC ("***Creighton***") and Tamarah Courtright Curtis ("***Ms. Curtis***"), and Ms. Curtis obtained the referenced Contract to sell the Property (Doc. No. 36). Such

contract was negotiated during Creighton's exclusive engagement term, which expired August 31, 2018. Contemporaneous with this Motion, the Debtor has filed its Application to Extend Employment of Real Estate Broker to December 31, 2018 (Doc. No. 130).

12. As Debtor has detailed in previous filings in this case (e.g., Doc. No. 17, p. 2-15; Doc. No. 45, at p. 3), there are some disputes pending between the Debtor's limited partners, Mr. Roderick L. Broussard ("***Mr. Broussard***") and Mr. John R. Christie ("***Mr. Christie***"), and between the Debtor and others, including Old Kentucky Farms, a partnership in which Mr. Broussard owns a controlling interest. *Id.* The pending disputes must be resolved before sale proceeds can be distributed.

Debtor's Motion to Sell Real Property Free and Clear under 11 U.S.C. § 363(f)

13. The Debtor scheduled the Property as subject to the approximately $1.183 million asserted judgment lien held by Old Kentucky Farms as set forth in its Proof of Claim (Claim Registry No. 6). Additionally, there are tax liens for accrued, unpaid, but current property taxes for the time period of January 1, 2018 forward. On information and belief, all property taxes arising prior to that date have been paid in full.

14. The Debtor desires to sell the Property, in a bulk, arms'-length sale for the benefit of the bankruptcy estate and its legitimate creditors. By this Motion, the Debtor requests that the Court authorize the Debtor to proceed with and close the sale envisioned in the Contract. However in light of the disputes between the Debtor and Old Kentucky Farms, the Debtor requests that the Court authorize the sale to be conducted free and clear of all liens, claims, interests and encumbrances – save and except permitted encumbrances that run with the Property and current and future year *ad valorem* taxes – with the liens that exist all attaching to the net

proceeds, the Note, Deed of Trust, and Personal Guaranty, after payment of all reasonable and necessary Seller's Costs.

15. The total real estate commission to be paid at closing is limited to five percent (5%) or less of the HUD-1 closed sales price (the "***Sales Price***"), with that percentage being paid to a Creighton sales agent. *See* Contract, p. 8.

16. The Property will be sold free and clear of the Old Kentucky Farms' Lien, and any other liens – save and except permitted encumbrances that run with the Property and current and future year *ad valorem* taxes. For liens as to which the Property is being sold free and clear, such liens will attach to the sale proceeds (after payment of the reasonable and necessary Seller's Costs) as well as to the Loan Documents. Any lienholder who requests it in writing will be provided with a copy of a HUD-1 or other settlement statement documenting the distribution of the proceeds of the transaction.

Requested Relief and Authorities

17. The Debtor believes the Price and terms at which the Property is to be sold to be are fair and reasonable, and believes that the proposed brokerage commission is fair, reasonable and in line with the standard fees charged for the sale of real property of this type in the area where the Property is located. The Debtor believes that a better sales price for cash is not achievable currently and will foster the development of the balance of the Lake Breeze subdivision now that all Lake Breeze lots will have been sold following the proposed sale.

18. The Debtor requests the Court approve the sale of the Property to the Purchaser free and clear of certain liens, claims, interests and encumbrances. Old Kentucky Farms has earlier agreed to have its lien attach to the proceeds of the sale of the Property, but if it objects or declines to consent, then its opposition to the sale on that ground should be overruled.

19. In evaluating such a sale, a court must balance the need for flexibility with the concern of affected creditors. *In re Terrace Gardens Park Partnership*, 96 B.R. 707, 715 (Bankr. W.D. Tex. 1989). The Court must also determine that creditors' lien rights are adequately protected and that the offered price is the highest price obtainable under the circumstances in the particular case. *Id.*; *In re Beker Indus. Corp.*, 63 B.R. 474, 477-78 (Bankr. S.D.N.Y. 1986). The Debtor owns real property other than the Property proposed to be sold with a value more than sufficient to satisfy several multiples of Old Kentucky Farms' lien claim.

20. All other local real property taxing authority claims are being satisfied at closing by means of a proration and Purchaser's agreement to pay the taxes before delinquency. There are no other known liens on the Property. Under the circumstances, the Debtor believes that the Price to be paid by the Purchaser is a fair price, with appropriate terms for the seller financing, and that a sale to the Purchaser is in the best interest of the estate and its creditors.

Debtor's Execution of Closing Documents and Payment of Closing Expenses and Fees

21. The Debtor requests authority to execute, in Debtor's discretion, all necessary and appropriate closing documents, and to pay certain closing expenses, fees and costs in connection with the sale and, in part, pursuant to 11 U.S.C. § 506. As set forth above, the Debtor requests that it be permitted to pay all Seller's Costs, including:

a. Real estate commissions of five (5%) percent;

b. Closing costs, if any, and prorated real property taxes due from Seller; and

c. The cost of an owners' title policy the Debtor is required to provide.

22. The Debtor will receive all remaining sales proceeds after payment of the above Seller's Costs, and will hold such funds in a segregated account pending further court order. The

Debtor will hold the Loan Documents, pending further order of the Court, with all interest payments on the Note to be deposited into the segregated account pending further court order.

23. Finally, the Debtor seeks waiver of the automatic stay of the 14-day appeal period provided by Bankruptcy Rule 6004(h) given the protection of the funds as provided herein and to provide certainty to the Title Company issuing the title policy for the sale of the Property.

Accordingly, based on the foregoing, the Debtor requests that this Court grant its Motion and (i) approve the sale of the Property under 11 U.S.C. § 363(f) free and clear of all liens, claim, interests and encumbrances as set forth above, with all liens, claim, interests and encumbrances, attaching to the net sale proceeds received by Debtor as well as to the Loan Documents; (ii) approve the Debtor's payment of certain Seller's Costs as set forth above; (iii) authorize the Debtor, in its discretion, to execute all documents it deems necessary to effectuate the sale; (iv) grant waiver of the 14-day stay of the sale order, and (v) grant the Debtor other just relief.

Dated: September 24, 2018.

Respectfully submitted,

JOSEPH G. EPSTEIN PLLC
24 Greenway Plaza, Suite 970
Houston, Texas 77046
(713) 222-8400 (telephone)
(713) 621-0046 (facsimile)
joe@epsteintexaslaw.com

By: */Joseph G. Epstein/*
Joseph G. Epstein
Texas Bar No. 06639320
S.D. Tex. 11733

and

/s/ *Mark S. Finkelstein*
Mark S. Finkelstein
Texas Bar No. 07015100
S.D. Tex. 5543
SHANNON, MARTIN, FINKELSTEIN, ALVARADO & DUNNE, P.C.
1001 McKinney Street, Suite 1100
Houston, Texas 77002
T: 713.646.5503 / F: 713.752.0337
mfinkelstein@smfadlaw.com

CO-COUNSEL FOR FQ/LB, L.P., DEBTOR AND DEBTOR-IN-POSSESSION

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served on all parties registered to receive notice through the CM/ECF system in this case on September 24, 2018.

Joseph G. Epstein
Joseph G. Epstein

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 2-12-18

UNIMPROVED PROPERTY CONTRACT

NOTICE: Not For Use For Condominium Transactions

1. **PARTIES:** The parties to this contract are **FQLB** (Seller) and **MG Interests** (Buyer). Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.

2. **PROPERTY:** Lot **See Special Provisions**, Block **See special provisions**, **6 Lots (See special provisions) Lake Breeze** Addition, City of **Willis**, County of **Montgomery**, Texas, known as **See Special Provisions - S. Lake Mist Lane 77318** (address/zip code), or as described on attached exhibit together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property).
RESERVATIONS: Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.

3. **SALES PRICE:**
   A. Cash portion of Sales Price payable by Buyer at closing. $ **36,000.00**
   B. Sum of all financing described in the attached: ☐ Third Party Financing Addendum, ☐ Loan Assumption Addendum, ☒ Seller Financing Addendum. . . . . $ **324,000.00**
   C. Sales Price (Sum of A and B) . . . . $ **360,000.00**

4. **LICENSE HOLDER DISCLOSURE:** Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: **N/A**

5. **EARNEST MONEY:** Within 3 days after the Effective Date, Buyer must deliver $ 1000.00 as earnest money to **Chicago Title - Peggy Hager**, as escrow agent, at **2251 N. Loop 336 West, Conroe, TX 77304** (address). Buyer shall deposit additional earnest money of $ **-0-** to escrow agent within **n/a** days after the effective date of this contract. If Buyer fails to deliver the earnest money within the time required, Seller may terminate this contract or exercise Seller's remedies under Paragraph 15, or both, by providing notice to Buyer before Buyer delivers the earnest money. If the last day to deliver the earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the earnest money is extended until the end of the next day that is not a Saturday, Sunday, or legal holiday. **Time is of the essence for this paragraph.**

6. **TITLE POLICY AND SURVEY:**
   A. TITLE POLICY: Seller shall furnish to Buyer at ☒ Seller's ☐ Buyer's expense an owner's policy of title insurance (Title Policy) issued by **Chicago Title** (Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:
   (1) Restrictive covenants common to the platted subdivision in which the Property is located.
   (2) The standard printed exception for standby fees, taxes and assessments.
   (3) Liens created as part of the financing described in Paragraph 3.
   (4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
   (5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
   (6) The standard printed exception as to marital rights.
   (7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
   (8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements:
   ☒ (i) will not be amended or deleted from the title policy; or
   ☐ (ii) will be amended to read, "shortages in area" at the expense of ☐ Buyer ☐ Seller.
   (9) The exception or exclusion regarding minerals approved by the Texas Department of Insurance.
   B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address

shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier. If the Commitment and Exception Documents are not delivered within the time required, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (Check one box only)

☐ (1) Within ______ days after the Effective Date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **If Seller fails to furnish the existing survey or affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.** If the existing survey or affidavit is not acceptable to Title Company or Buyer's lender(s), Buyer shall obtain a new survey at ☐ Seller's ☐ Buyer's expense no later than 3 days prior to Closing Date.

☒ (2) Within 20 days after the Effective Date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.

☐ (3) Within ______ days after the Effective Date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.

D. OBJECTIONS: Buyer may object in writing to (i) defects, exceptions, or encumbrances to title: disclosed on the survey other than items 6A(1) through (7) above; or disclosed in the Commitment other than items 6A(1) through (9) above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions which prohibit the following use or activity: **Residential Use**

Buyer must object the earlier of (i) the Closing Date or (ii) 3 days after Buyer receives the Commitment, Exception Documents, and the survey. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived. Provided Seller is not obligated to incur any expense, Seller shall cure any timely objections of Buyer or any third party lender within 15 days after Seller receives the objections (Cure Period) and the Closing Date will be extended as necessary. If objections are not cured within the Cure Period, Buyer may, by delivering notice to Seller within 5 days after the end of the Cure Period: (i) terminate this contract and the earnest money will be refunded to Buyer; or (ii) waive the objections. If Buyer does not terminate within the time required, Buyer shall be deemed to have waived the objections. If the Commitment or Survey is revised or any new Exception Document(s) is delivered, Buyer may object to any new matter revealed in the revised Commitment or Survey or new Exception Document(s) within the same time stated in this paragraph to make objections beginning when the revised Commitment, Survey, or Exception Document(s) is delivered to Buyer.

E. TITLE NOTICES:

(1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.

(2) MEMBERSHIP IN PROPERTY OWNERS ASSOCIATION(S): The Property ☒ is ☐ is not subject to mandatory membership in a property owners association(s). If the Property is subject to mandatory membership in a property owners association(s), Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community identified in Paragraph 2 in which the Property is located, you are obligated to be a member of the property owners association(s). Restrictive covenants governing the use and occupancy of the Property and all dedicatory instruments governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instruments may be obtained from the county clerk. **You are obligated to pay assessments to the property owners association(s). The amount of the assessments is subject to change. Your failure to pay the assessments could result in enforcement of the association's lien on and the foreclosure of the Property.**

Section 207.003, Property Code, entitles an owner to receive copies of any document that governs the establishment, maintenance, or operation of a subdivision, including, but not limited to, restrictions, bylaws, rules and regulations, and a resale certificate from a property owners' association. A resale certificate contains information including, but not limited to, statements specifying the amount and frequency of regular assessments and the style and cause number of lawsuits to which the property owners' association is a party, other than lawsuits relating to unpaid ad valorem taxes of an individual member of the association. These documents must be made available to you by the property owners' association or the association's agent on your request.

If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in a Property Owners Association should be used.

(3) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.

(4) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or required by the parties must be used.

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

(6) PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER: Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.

(7) PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.

(8) TEXAS AGRICULTURAL DEVELOPMENT DISTRICT: The Property ☐ is ☒ is not located in a Texas Agricultural Development District. For additional information, contact the Texas Department of Agriculture.

(9) TRANSFER FEES: If the Property is subject to a private transfer fee obligation, §5.205, Property Code requires Seller to notify Buyer as follows: The private transfer fee obligation may be governed by Chapter 5, Subchapter G of the Texas Property Code.

(10) PROPANE GAS SYSTEM SERVICE AREA: If the Property is located in a propane gas system service area owned by a distribution system retailer, Seller must give Buyer written notice as required by §141.010, Texas Utilities Code. An addendum containing the notice approved by TREC or required by the parties should be used.

(11) NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

7. **PROPERTY CONDITION:**

A. ACCESS, INSPECTIONS AND UTILITIES: Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Seller at Seller's expense shall immediately cause existing utilities to be turned on and shall keep the utilities on during the time this contract is in effect.

NOTICE: Buyer should determine the availability of utilities to the Property suitable to satisfy Buyer's needs.

B. ACCEPTANCE OF PROPERTY CONDITION: "As Is" means the present condition of the Property with any and all defects and without warranty except for the warranties of title and the warranties in this contract. Buyer's agreement to accept the Property As Is under Paragraph 7B (1) or (2) does not preclude Buyer from inspecting the Property under Paragraph 7A, from negotiating repairs or treatments in a subsequent amendment, or from terminating this contract during the Option Period, if any.

(Check one box only)

[X] (1) Buyer accepts the Property As Is.

[ ] (2) Buyer accepts the Property As Is provided Seller, at Seller's expense, shall complete the following specific repairs and treatments: ______

(Do not insert general phrases, such as "subject to inspections" that do not identify specific repairs and treatments.)

C. COMPLETION OF REPAIRS: Unless otherwise agreed in writing: (i) Seller shall complete all agreed repairs and treatments prior to the Closing Date; and (ii) all required permits must be obtained, and repairs and treatments must be performed by persons who are licensed to provide such repairs or treatments or, if no license is required by law, are commercially engaged in the trade of providing such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs and treatments will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs and treatments prior to the Closing Date, Buyer may exercise remedies under Paragraph 15 or extend the Closing Date up to 5 days, if necessary, for Seller to complete repairs and treatments.

D. ENVIRONMENTAL MATTERS: Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

E. SELLER'S DISCLOSURES: Except as otherwise disclosed in this contract, Seller has no knowledge of the following:

(1) any flooding of the Property which has had a material adverse effect on the use of the Property;

(2) any pending or threatened litigation, condemnation, or special assessment affecting the Property;

(3) any environmental hazards that materially and adversely affect the Property;

(4) any dumpsite, landfill, or underground tanks or containers now or previously located on the Property;

(5) any wetlands, as defined by federal or state law or regulation, affecting the Property; or

(6) any threatened or endangered species or their habitat affecting the Property.

8. BROKERS' FEES: All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

9. CLOSING:

A. The closing of the sale will be on or before **September 14**, **2018**, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later (Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

B. At closing:

(1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6 and furnish tax statements or certificates showing no delinquent taxes on the Property.

(2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.

(3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents reasonably required for the closing of the sale and the issuance of the Title Policy.

(4) There will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing the payment of any loans assumed by Buyer and assumed loans will not be in default.

10. POSSESSION:

A. Buyer's Possession: Seller shall deliver to Buyer possession of the Property in its present or required condition upon closing and funding.

B. Leases:

(1) After the Effective Date, Seller may not execute any lease (including but not limited to mineral leases) or convey any interest in the Property without Buyer's written consent.

(2) If the Property is subject to any lease to which Seller is a party, Seller shall deliver to Buyer copies of the lease(s) and any move-in condition form signed by the tenant within 7 days after the Effective Date of the contract.

11. SPECIAL PROVISIONS: (Insert only factual statements and business details applicable to the sale. TREC rules prohibit license holders from adding factual statements or business details for which a contract addendum or other form has been promulgated by TREC for mandatory use.)
10728 S. Lake Mist Ln - 02/01/37, 10712 S. Lake Mist Ln - 02/01/33, 10720 S. Lake Mist Ln - 02/01/35, 10729 S. Lake Mist Ln - 02/01/17, 10736 S. Lake Mist Ln - 02/01/39, 10740 S. Lake Mist Ln - 02/01/40
Lender does not require survey.

12. SETTLEMENT AND OTHER EXPENSES:

A. The following expenses must be paid at or prior to closing:

(1) Expenses payable by Seller (Seller's Expenses):

(a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.

(b) Seller shall also pay an amount not to exceed $ **-0-** to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Land Board or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.

(2) Expenses payable by Buyer (Buyer's Expenses): Appraisal fees; loan application fees; origination charges; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; loan title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; repair inspection; underwriting fee; wire transfer fee; expenses incident to any loan; Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender; and other expenses payable by Buyer under this contract.

B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Land Board or other governmental loan program regulations.

13. PRORATIONS AND ROLLBACK TAXES:

A. PRORATIONS: Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year.

B. ROLLBACK TAXES: If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Assessments are imposed because of Seller's use or change in use of the Property prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

14. CASUALTY LOSS: If any part of the Property is damaged or destroyed by fire or other casualty after the Effective Date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds, if permitted by Seller's insurance carrier, and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.

15. DEFAULT: If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.

16. MEDIATION: It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion will be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

17. ATTORNEY'S FEES: A Buyer, Seller, Listing Broker, Other Broker, or escrow agent who prevails in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding.

18. ESCROW:

A. ESCROW: The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.

B. EXPENSES: At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may: (i) require a written release of liability of the escrow agent from all parties, (ii) require payment of unpaid expenses incurred on behalf of a party, and (iii) only deduct from the earnest money the amount of unpaid expenses incurred on behalf of the party receiving the earnest money.

C. DEMAND: Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursal of the earnest money.

D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.

19. REPRESENTATIONS: All covenants, representations and warranties in this contract survive closing. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by Internal Revenue Code and its regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.

21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by fax or electronic transmission as follows:

To Buyer		**To Seller**	
at:	______________	**at:**	______________
Phone:	**(713)829-1170)-**	Phone:	
Fax:		Fax:	
E-mail:	**kariemg@aol.com**	E-mail:	**drjackchristie@yahoo.com**

22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (check all applicable boxes):

- [ ] Third Party Financing Addendum
- [X] Seller Financing Addendum
- [X] Addendum for Property Subject to Mandatory Membership in a Property Owners Association
- [ ] Buyer's Temporary Residential Lease
- [ ] Seller's Temporary Residential Lease
- [ ] Addendum for Reservation of Oil, Gas and Other Minerals
- [ ] Addendum for "Back-Up" Contract
- [ ] Addendum Concerning Right to Terminate Due to Lender's Appraisal
- [ ] Addendum for Coastal Area Property
- [ ] Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum
- [ ] Addendum for Property Located Seaward of the Gulf Intracoastal Waterway
- [ ] Addendum for Sale of Other Property by Buyer
- [ ] Addendum for Property in a Propane Gas System Service Area
- [X] Other (list): **MUD Notice**

23. TERMINATION OPTION: For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller $ -0- (Option Fee) within 3 days after the Effective Date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within n/a days after the Effective Date of this contract (Option Period). Notices under this paragraph must be given by 5:00 p.m. (local time where the Property is located) by the date specified. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee to Seller within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee ☐ will ☐ will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

24. CONSULT AN ATTORNEY BEFORE SIGNING: TREC rules prohibit real estate license holders from giving legal advice. READ THIS CONTRACT CAREFULLY.

Buyer's		Seller's	
Attorney is:		Attorney is:	
Phone:		Phone:	
Fax:		Fax:	
E-mail:		E-mail:	

EXECUTED the 20th **day of** August , 2018 **(Effective Date).**
(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer **MG Interests**	Seller **FQLB**
Buyer	Seller

TREC

BROKER INFORMATION
(Print name(s) only. Do not sign)

Other Broker Firm — License No.	Creighton Realty Partners LLC — 9001752 Listing Broker Firm — License No.
represents ☐ Buyer only as Buyer's agent ☐ Seller as Listing Broker's subagent	represents ☐ Seller and Buyer as an intermediary ☒ Seller only as Seller's agent
Associate's Name — License No.	Tamarah Curtis — 0556775 Listing Associate's Name — License No.
Associate's Email Address — Phone	Tamarah@crp-tx.com — (832)876-7097 Listing Associate's Email Address — Phone
Licensed Supervisor of Associate — License No.	Licensed Supervisor of Listing Associate — License No.
Other Broker's Address — Phone	11133 I-45 South, Ste. 320 Listing Broker's Office Address — Phone
City — State — Zip	Conroe — TX — 77302 City — State — Zip
	5 Selling Associate's Name — License No.
	Selling Associate's Email Address — Phone
	Licensed Supervisor of Selling Associate — License No.
	Selling Associate's Office Address
	City — State — Zip

Listing Broker has agreed to pay Other Broker ______________________ of the total sales price when the Listing Broker's fee is received. Escrow agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

OPTION FEE RECEIPT

Receipt of $________ (Option Fee) in the form of ________ is acknowledged.

Seller or Listing Broker — Date

EARNEST MONEY RECEIPT

Receipt of $ 1000- Earnest Money in the form of Ck# 35316 is acknowledged.

Chicago Title
2251 N. Loop 336 W. Suite A
Conroe, Tx 77304
Ph: 936.441.1411
Fax:713.341.6388

Received by — Email Address — Date/Time 9/7/18

Phone

Zip — Fax

CONTRACT RECEIPT

Receipt of the Contract is acknowledged.

Chicago Title
2251 N. Loop 336 W. Suite A
Conroe, Tx 77304
Ph: 936.441.1411
Fax:713.341.6388

Received by Peggy Hager — Email Address peggy.hager@ctt.com — Date 8-31-18

Phone

Zip — Fax

ADDITIONAL EARNEST MONEY RECEIPT

Receipt of $________ additional Earnest Money in the form of ________ is acknowledged.

Escrow Agent — Received by — Email Address — Date/Time

Address — Phone

City — State — Zip — Fax

Note: This notice should be given to a prospective purchaser prior to execution of a binding contract of sale and purchase, should be executed by the seller and purchaser and should be attached as a separate portion of a purchase contract. Please see Note below.

Notice to a Purchaser of Real Property in a Water District

NOTICE FOR DISTRICTS LOCATED IN WHOLE OR IN PART WITHIN THE CORPORATE BOUNDARIES OF A MUNICIPALITY

The real property, described below, that you are about to purchase is located in the **Far Hills UD** District. The district has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is $**0.67** on each $100 of assessed valuation. If the district has not yet levied taxes, the most recent projected rate of tax, as of this date, is $**0.67** on each $100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued in $**12,675,000.00**, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is $**35,200,000.00**.

The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The district may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is $ - . An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.

The district is located in whole or in part within the corporate boundaries of the City of **Willis**. The taxpayers of the district are subject to the taxes imposed by the municipality and by the district until the district is dissolved. By law, a district located within the corporate boundaries of a municipality may be dissolved by municipal ordinance without the consent of the district or the voters of the district.

The purpose of this district is to provide water, sewer, drainage, or flood control facilities and services within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows:

J Chal	08/30/2018 19:24:40		
Signature of Seller **FQLB**	Date	Signature of Seller	Date

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

Kori Lay	08/30/2018 18:03:36		
Signature of Purchaser **MG Interests**	Date	Signature of Purchaser	Date

NOTE: Correct district name, tax rate, bond amounts, and legal description are to be placed in the appropriate space. Except for notices included as an addendum or paragraph of a purchase contract, the notice shall be executed by the seller and purchaser, as indicated. If the district does not propose to provide on or more of the specified facilities and services, the appropriate purpose may be eliminated. If the district has not yet levied taxes, a statement of the district's most recent projected rate of tax is to be placed in the appropriate space. If the district does not have approval from the commission to adopt and impose a standby fee, the second paragraph of the notice may be deleted. For the purposes of the notice form required to be given to the prospective purchaser prior to execution of a binding contract of sale and purchase, a seller and any agent, representative, or person acting on the seller's behalf may modify the notice by substitution of the words "January 1, **2018** " for the words "this date" and place the correct calendar year in the appropriate space.

EQUAL HOUSING OPPORTUNITY

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 08-18-2014

ADDENDUM FOR PROPERTY SUBJECT TO MANDATORY MEMBERSHIP IN A PROPERTY OWNERS ASSOCIATION

(NOT FOR USE WITH CONDOMINIUMS)

ADDENDUM TO CONTRACT CONCERNING THE PROPERTY AT

See Special Provisions - S. Lake Mist Lane **Willis**
(Street Address and City)

Lake Breeze HOA
(Name of Property Owners Association, (Association) and Phone Number)

A. SUBDIVISION INFORMATION: "Subdivision Information" means: (i) a current copy of the restrictions applying to the subdivision and bylaws and rules of the Association, and (ii) a resale certificate, all of which are described by Section 207.003 of the Texas Property Code.
(Check only one box):

☐ 1. Within ________ days after the effective date of the contract, Seller shall obtain, pay for, and deliver the Subdivision Information to the Buyer. If Seller delivers the Subdivision Information, Buyer may terminate the contract within 3 days after Buyer receives the Subdivision Information or prior to closing, whichever occurs first, and the earnest money will be refunded to Buyer. If Buyer does not receive the Subdivision Information, Buyer, as Buyer's sole remedy, may terminate the contract at any time prior to closing and the earnest money will be refunded to Buyer.

☐ 2. Within ________ days after the effective date of the contract, Buyer shall obtain, pay for, and deliver a copy of the Subdivision Information to the Seller. If Buyer obtains the Subdivision Information within the time required, Buyer may terminate the contract within 3 days after Buyer receives the Subdivision Information or prior to closing, whichever occurs first, and the earnest money will be refunded to Buyer. If Buyer, due to factors beyond Buyer's control, is not able to obtain the Subdivision Information within the time required, Buyer may, as Buyer's sole remedy, terminate the contract within 3 days after the time required or prior to closing, whichever occurs first, and the earnest money will be refunded to Buyer.

☐ 3. Buyer has received and approved the Subdivision Information before signing the contract. Buyer ☐ does ☐ does not require an updated resale certificate. If Buyer requires an updated resale certificate, Seller, at Buyer's expense, shall deliver it to Buyer within 10 days after receiving payment for the updated resale certificate from Buyer. Buyer may terminate this contract and the earnest money will be refunded to Buyer if Seller fails to deliver the updated resale certificate within the time required.

☒ 4. Buyer does not require delivery of the Subdivision Information.

The title company or its agent is authorized to act on behalf of the parties to obtain the Subdivision Information ONLY upon receipt of the required fee for the Subdivision Information from the party obligated to pay.

B. MATERIAL CHANGES. If Seller becomes aware of any material changes in the Subdivision Information, Seller shall promptly give notice to Buyer. Buyer may terminate the contract prior to closing by giving written notice to Seller if: (i) any of the Subdivision Information provided was not true; or (ii) any material adverse change in the Subdivision Information occurs prior to closing, and the earnest money will be refunded to Buyer.

C. FEES: Except as provided by Paragraphs A, D and E, Buyer shall pay any and all Association fees or other charges associated with the transfer of the Property not to exceed $ **900.00** and Seller shall pay any excess.

D. DEPOSITS FOR RESERVES: Buyer shall pay any deposits for reserves required at closing by the Association.

E. AUTHORIZATION: Seller authorizes the Association to release and provide the Subdivision Information and any updated resale certificate if requested by the Buyer, the Title Company, or any broker to this sale. If Buyer does not require the Subdivision Information or an updated resale certificate, and the Title Company requires information from the Association (such as the status of dues, special assessments, violations of covenants and restrictions, and a waiver of any right of first refusal), ☒ Buyer ☐ Seller shall pay the Title Company the cost of obtaining the information prior to the Title Company ordering the information.

NOTICE TO BUYER REGARDING REPAIRS BY THE ASSOCIATION: The Association may have the sole responsibility to make certain repairs to the Property. If you are concerned about the condition of any part of the Property which the Association is required to repair, you should not sign the contract unless you are satisfied that the Association will make the desired repairs.

08/30/2018 18:03:37 08/30/2018 19:24:43

Buyer **MG Interests** Seller **FQLB**

Buyer Seller

EQUAL HOUSING OPPORTUNITY

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 11-2-2015

SELLER FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

See Special Provisions - S. Lake Mist Lane, Willis, 77318
(Address of Property)

A. CREDIT DOCUMENTATION. To establish Buyer's creditworthiness, Buyer shall deliver to Seller within **5** days after the effective date of this contract, ☐ credit report ☐ verification of employment, including salary ☒ verification of funds on deposit in financial institutions ☐ current financial statement and ☐ ________________. Buyer hereby authorizes any credit reporting agency to furnish copies of Buyer's credit reports to Seller at Buyer's sole expense.

B. BUYER'S CREDIT APPROVAL. If the credit documentation described in Paragraph A is not delivered within the specified time, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery, and the earnest money will be paid to Seller. If the credit documentation is timely delivered, and Seller determines in Seller's sole discretion that Buyer's credit is unacceptable, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery and the earnest money will be refunded to Buyer. If Seller does not terminate this contract, Seller will be deemed to have approved Buyer's creditworthiness.

C. PROMISSORY NOTE. The promissory note in the amount of $ **324,000.00** (Note), included in Paragraph 3B of the contract payable by Buyer to the order of Seller will bear interest at the rate of **3.000** % per annum and be payable at the place designated by Seller. Buyer may prepay the Note in whole or in part at any time without penalty. Any prepayments are to be applied to the payment of the installments of principal last maturing and interest will immediately cease on the prepaid principal. The Note will contain a provision for payment of a late fee of 5% of any installment not paid within 10 days of the due date. Matured unpaid amounts will bear interest at the rate of 1½% per month or at the highest lawful rate, whichever is less. The Note will be payable as follows:

☐ (1) In one payment due ________________ after the date of the Note with interest payable ☐ at maturity ☐ monthly ☐ quarterly. (check one box only)

☒ (2) In monthly installments of $ **1,366.00** ☒ including interest ☐ plus interest (check one box only) beginning **November 1, 2018** after the date of the Note and continuing monthly thereafter for **360** months when the balance of the Note will be due and payable.

☐ (3) Interest only in monthly installments for the first ________ month(s) and thereafter in installments of $ ________ ☐ including interest ☐ plus interest (check one box only) beginning ________ after the date of the Note and continuing monthly thereafter for ________ months when the balance of the Note will be due and payable.

D. DEED OF TRUST. The deed of trust securing the Note will provide for the following:

(1) PROPERTY TRANSFERS: (check one box only)

☒ (a) Consent Not Required: The Property may be sold, conveyed or leased without the consent of Seller, provided any subsequent buyer assumes the Note.

☐ (b) Consent Required: If all or any part of the Property is sold, conveyed, leased for a period longer than 3 years, leased with an option to purchase, or otherwise sold (including any contract for deed), without Seller's prior written consent, which consent may be withheld in Seller's sole discretion, Seller may declare the balance of the Note to be immediately due and payable. The creation of a subordinate lien, any conveyance under threat or order of condemnation, any deed solely between buyers, or the passage of title by reason of the death of a buyer or by operation of law will not entitle Seller to exercise the remedies provided in this paragraph.

NOTE: *Under (a) or (b), Buyer's liability to pay the Note will continue unless Buyer obtains a release of liability from Seller.*

(2) TAX AND INSURANCE ESCROW: (check one box only)

[X] (a) Escrow Not Required: Buyer shall furnish Seller, before each year's ad valorem taxes become delinquent, evidence that all ad valorem taxes on the Property have been paid. Buyer shall annually furnish Seller evidence of paid-up casualty insurance naming Seller as a mortgagee loss payee.

[ ] (b) Escrow Required: With each installment Buyer shall deposit in escrow with Seller a pro rata part of the estimated annual ad valorem taxes and casualty insurance premiums for the Property. Buyer shall pay any deficiency within 30 days after notice from Seller. Buyer's failure to pay the deficiency will be a default under the deed of trust. Buyer is not required to deposit any escrow payments for taxes and insurance that are deposited with a superior lienholder. The casualty insurance must name Seller as a mortgagee loss payee.

(3) PRIOR LIENS: Any default under any lien superior to the lien securing the Note will be a default under the deed of trust securing the Note.

08/30/2018 18:03:38	08/30/2018 19:24:46
Buyer	Seller
MG Interests	**FQLB**
Buyer	Seller

The form of this contract has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 512-936-3000 (http://www.trec.texas.gov) TREC No. 26-7. This form replaces TREC No. 26-6.

EQUAL HOUSING OPPORTUNITY

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 11-2-2015

AMENDMENT

TO CONTRACT CONCERNING THE PROPERTY AT

See Special Provisions - S. Lake Mist Lane **Willis**
(Street Address and City)

Seller and Buyer amend the contract as follows: (check each applicable box)

[X] (1) The Sales Price in Paragraph 3 of the contract is:

A. Cash portion of Sales Price payable by Buyer at closing .... $ **36,000.00**
B. Sum of financing described in the contract.. $ **324,000.00**
C. Sales Price (Sum of A and B)... $ **360,000.00**

[ ] (2) In addition to any repairs and treatments otherwise required by the contract, Seller, at Seller's expense, shall complete the following repairs and treatments:

[ ] (3) The date in Paragraph 9 of the contract is changed to ____________________, ________.

[ ] (4) The amount in Paragraph 12A(1)(b) of the contract is changed to $ ____________________.

[ ] (5) The cost of lender required repairs and treatment, as itemized on the attached list, will be paid as follows: $ ____________________ by Seller; $ ____________________ by Buyer.

[ ] (6) Buyer has paid Seller an additional Option Fee of $ ______________ for an extension of the unrestricted right to terminate the contract on or before 5:00 p.m. on ____________________, ________. This additional Option Fee [ ] will [ ] will not be credited to the Sales Price.

[ ] (7) Buyer waives the unrestricted right to terminate the contract for which the Option Fee was paid.

[ ] (8) The date for Buyer to give written notice to Seller that Buyer cannot obtain Buyer Approval as set forth in the Third Party Financing Addendum is changed to ____________________, ________.

[X] (9) **Other Modifications:** (Insert only factual statements and business details applicable to this sale.)

1. **Closing date September 27, 2018 or later**
2. **5 year, interest only, balloon**
3. **Interest Rate 5.25%**
4. **Personal guaranty by principals of MG Interests**

EXECUTED the 12Th **day of** September, 2018. **(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)**

Karen Yuy 09/12/2018 16:13:01	J Chuh 09/12/2018 16:30:17
Buyer **MG Interests**	Seller **FQLB**
Buyer	Seller

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