

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION

IN RE: §  
LAREDO WO, LTD, § CASE NO. 16-51297-RBK  
DEBTOR § CHAPTER 11 PROCEEDING  
§

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MOTION FOR AN ORDER (I) APPROVING PURCHASE AND SALE AGREEMENT FOR SALE OF SUBSTANTIALLY ALL OF THE DEBTOR’S ASSETS TO WRR INTERESTS, LLC, (II) AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND (IV) GRANTING RELATED RELIEF

TO THE HONORABLE RONALD B. KING, UNITED STATES BANKRUPTCY JUDGE:

NOW COMES the debtor and debtor in possession in the above-captioned case (the “Debtor”) by and through its undersigned counsel, submits this motion (the “Motion”) for an Order (I) approving the Purchase and Sale Agreement (the “WRR PSA”) for the sale of substantially all of Debtor’s assets (the “Property”) to WRR INTERESTS, LLC (“Purchaser” or “WRR”) (II) authorizing the sale of the Property free and clear of all liens, claims, encumbrances, and interests, (III) authorizing the assumption and assignment of certain executory contracts, and (IV) granting related relief. In support of the Motion, Debtor respectfully represents as follows:

V. JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief sought herein are sections 105, 363, 365, 503, 1107 and 1108 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”),

Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 6004 and 9014 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Western District of Texas (the “**Local Rules**”).

## VI. BACKGROUND

3. On June 6, 2016 (the “**Petition Date**”), the Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Case**”).

4. The Debtor continues to operate its business and manage its properties as debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. To date, no creditor’s committee has been appointed in this Chapter 11 Case by the Office of the United States Trustee for the Western District of Texas (the “**United States Trustee**”). No trustee or examiner has been appointed in the Debtor’s Chapter 11 Case.

5. The Debtor was formed on January 18, 2007, to acquire, develop, sell, lease or operate a tract of land in Georgetown, Texas, to be called the “Water Oak” (the “**Property**”) which currently consists of approximately 1,158.879 acres of the Laredo Water Oak master planned community located along the south side of SH-29 at Water Oak Parkway and the north side of FM 2243 in Georgetown, Williamson County, Texas. The location of the Property is reflected in the map below:



6. The Property is fully entitled. The Debtor is a party to Amended and Restated Development Agreement Concerning the Water Oak Subdivision (f/k/a ABG Subdivision) dated March 14, 2012, and recorded under Document No. 2012027844, Official Public Records of Williamson County, Texas (the "**COG Development Agreement**"). The COG Development Agreement sets forth the terms, conditions and agreements with applicable governmental authorities governing the development of the Property.

7. The Property is also subject to an Amended and Restated Consent Agreement dated January 4, 2012 (the "**Consent Agreement**") pursuant to which the Williamson County Municipal; District #25 was created.

8. The Debtor filed the Chapter 11 Case to prevent foreclosure upon the Property and to either restructure its debts or to conduct an orderly sale of the Property. Since the Petition Date, and prior to engaging a real estate broker or actively marketing the Property, the Debtor received

numerous expressions of interest to acquire the Property. Those early expressions of interest progressed quickly to negotiations of a Purchase and Sale Agreement with one particular prospective buyer.

9. The general partner of the Debtor after weighing the sentiment of its limited partners and taking into consideration that the offer received by the Debtor is adequate to pay all of the creditors of the estate in full, determined to forgo a market clearing process and a formal sale procedure. The Debtor has executed a PSA with WRR to purchase the Property for a base purchase price of \$38,300,000.00 plus additional consideration of up to \$10,800,000 to be paid over time from monies paid by a MUD from bond proceeds (the “**WRR PSA**”). The Debtor is proceeding with this motion to sell the Property to the WRR as a designated buyer.

10. Contemporaneously with the filing of this Motion, the Debtor is also filing its application to retain Texas Land Advisors-Houston, LLC, d/b/a Land Advisors Organization (“**Broker**”) to market the Property in order to locate a prospective back up purchaser. The WRR PSA permits the Purchaser a 75 day examination period during which the Purchaser has the right to terminate the WRR PSA. The Debtor seeks to retain the Broker to market the Property, identify additional prospective purchasers for the Property and negotiate a back-up contract(s) in the event the Purchase elects not to proceed with the purchase of the Property as provided in the WRR PSA.

11. The Debtor requests that this Court enter orders accepting the business judgment of the Debtor’s management and partners and approve the sale of the Property to WRR on the terms and conditions of the WRR PSA between the Debtor and WRR attached as Exhibit “A”.

**A. Liens Encumbering the Property**

12. On or about February 22, 2007, Hillcrest Bank, a Kansas state banking association (“**HCB**”) the Debtor entered into an Acquisition and Pre-Development Loan Agreement (the "Loan Agreement") whereby HCB agreed to loan the Debtor up to \$48,500,000.00 (the ‘Loan’) in

connection with the acquisition of the Property. The Loan was secured by a Deed of Trust (With Security Agreement, Assignment of Rents and Lease and Financing Statement) (the "**First Deed of Trust**") granted by Debtor in favor of HCB, relating to the Property.

13. On or about January 28, 2008, the Debtor and HCB entered into a First Modification of Loan Documents. Contemporaneously therewith, Borrower executed a Promissory Note (the "**Second Note**") for the principal sum of \$599,555.00. The Second Note was secured by another Deed of Trust (With Security Agreement, Assignment of Rents and Lease and Financing Statement) (the "**Second Deed of Trust**") granted by Borrower in favor of HCB, relating to the Property. Borrower subsequently provided a third Deed of Trust (With Security Agreement, Assignment of Rents and Lease and Financing Statement) (the "**Third Deed of Trust**") in favor of HCB in connection with a Second Modification of Loan Documents on March 31, 2009. As of the Petition Date, the Debtor alleges that the total indebtedness owed to HCB was \$36,151,911.02.

14. The only additional liens on the Property may consist of lienable mechanics and materialmen's claims. The Debtor is not aware of any mechanic's or materialmen's liens being recorded as of the date of this Motion. The Debtor believes that the time has expired for any possible lien claims to be filed. In addition, various taxing authorities may assert claims for taxes accruing in 2016 which may be lienable claims against the Property. Williamson County has filed such a secured claim in the amount of \$118,522.09.

**B. Marketing the Property**

15. In October 2015 the Debtor engaged Holiday Fenoglio Fowler, LP ("**HF**") to market the Property to potential buyers. Those efforts failed to produce an acceptable offer. The Debtor continued to market the Property for sale through internal efforts.

16. Since the Petition Date, the Debtor and its counsel have received numerous

expressions of interest to purchase the Property. The Debtor through its general partner has executed non-disclosure agreements with interested purchasers and afforded those parties access to diligence information regarding the property.

## II. RELIEF REQUESTED

17. By this Motion, Debtor requests that the court enter an Order, substantially in the form of Exhibit “B” attached hereto, authorizing Debtor to (i) sell substantially all of the Property, free and clear of all liens, claims, and interests (other than certain specified assumed liabilities), on substantially the terms set forth in the WRR PSA; (ii) assume certain of the executory contracts and unexpired leases associated with Debtor’s business (the “Assigned Contracts”); (iii) assign the Assigned Contracts to WRR; and (iv) allow the Debtor to pay the amounts, if any, necessary to cure existing defaults or arrearages under the Assigned Contracts (the “Sale Order”).

18. The WRR PSA contemplates a sale of the Property to WRR as a designated purchaser, not subject to overbid by auction. The Debtor believes the sale of the Property is in the best interest of Debtor’s estate, its creditors and partners. Accordingly, Debtor seeks approval of the WRR PSA and the Sale Order.

### A. The WRR PSA

19. Pursuant to the WRR PSA, Debtor will (i) sell the Property free and clear of all liens, claims, interests, and encumbrances and (ii) assume and assign to WRR the Assigned Contracts, if any.

20. The WRR PSA was negotiated at arm’s length and in good faith by the Debtor and WRR. The Debtor and its partners, exercising their business judgment believe the consideration being paid under the WRR PSA and the certainty of closing represents the best value proposition for the estate. The purchase price of \$38.3 million to be paid by WRR together with the

“Additional Purchase Price” will pay all creditors of the estate in full and will provide a return of a portion of the limited partners’ original investment.

21. The executed WRR PSA generally provides the following:

a) Purchase Price. On the Closing Date, Purchaser will (i) pay to Debtor Thirty Eight Million Three Hundred Dollars (\$38,300,000.00) in cash; (ii) additional consideration of up to \$10,800,000 to be paid over time from monies paid by a MUD from bond proceeds and (iii) assume certain liabilities of Debtor.

b) Property. The proposed sale will include the Property (as more specifically defined in the WRR PSA), which comprise substantially all of the real property of the Debtor’s estate. The Debtor will also convey all improvements on the Property, together with all tangible personal property owned by the Debtor related to or used in connection with the Property or improvements. The Debtor will also convey to the Purchaser all plans, studies, reports, assessments and other intangible property more fully described in the WRR PSA.

c) Sale Free and Clear. The Property is to be transferred free and clear of all liens, interests, claims, or encumbrances in the Property other than the Assumed Liabilities pursuant to section 363(f) of the Bankruptcy Code.

d) Assumption of Executory Contracts and Leases. Seller shall assume and assign to the Buyer all of Debtor’s rights under, title to, and interest in those Assigned Contracts identified in the WRR PSA, including, but not limited to the COG Development Agreement and the partial assignment of the Consent Agreement.

e) Conditions to Closing. The WRR PSA does not contain any financing condition. The WRR PSA does permit the Purchaser an “Examination Period” of 75 days following the date this Court enters the Sale Order. In addition to the forgoing conditions and other customary conditions to closing, the Purchaser’s performance is conditioned upon the assignment of the Executory Contracts and approval of the sale to WRR pursuant to the WRR PSA by this Court.

This summary of the WRR PSA is intended to be for convenience only. To the extent the summary differs from the actual terms of the WRR PSA, the terms of the WRR PSA shall be controlling.

**B. Notice of Sale Hearing**

22. Contemporaneously with filing this Motion, the Debtor has filed a motion seeking an expedited hearing on the Motion. The Debtor will serve copies of the Motion upon (i) the Office

of the United States Trustee; (ii) counsel for HCB; (iii) counsel for WRR; (iv) all federal, state, and local regulatory or taxing authorities or recording offices that have a known interest in the Property; (v) the creditors identified on the Debtor's List of Creditors; and (vi) all other entities that have filed requests for notices pursuant to Bankruptcy Rule 2002 (the "**Notice Parties**").

**C. Assumption and Assignment of Contracts**

23. As part of the Motion, Debtor also seeks authority to assume and assign the Assigned Contracts to Purchaser. The WRR PSA currently identifies the COG Development Agreement and a partial assignment of the Consent Agreement as executory contracts to be assumed by the Debtor and assigned to WRR.

24. To the extent applicable, with respect to Assigned Contracts, the Debtor will file with the Court and serve on each party to an Assigned Contract notice of Debtor's intention to assume and assign that party's contract to Purchaser (the "**Assignment Notice**"). Debtor will mail the Assignment Notice and within ten days after the date upon which the Court enters the Sale Order. The Assignment Notice will set forth the monetary amount Debtor believes to be necessary to cure any and all monetary defaults with respect to the Assigned Contract pursuant to section 365 of the Bankruptcy Code (the "**Cure Amount**") and provide the contracting parties with an opportunity to object to (i) the assumption and assignment, (ii) the Cure Amount, or (iii) both. If no objection is timely received, the Cure Amount set forth in the Assignment Notice will be controlling notwithstanding anything to the contrary in any Assigned Contract or other document, and the non debtor party to the Assigned Contract will be forever barred from asserting any other claim arising prior to the assignment against Debtor or Purchaser as to such Assigned Contract. If an objection to the assumption and assignment is made, the Debtor will file pleadings requesting a hearing on such objection prior to the Closing Date. If an objection by the non-debtor contracting party is made *only* with respect to the Cure Amount, a hearing to fix the Cure Amount will be set



for the first hearing date available from the Court after the Closing Date; provided, however, that Debtor reserves its right to reject any executory contract until such time as the Cure Amount is fixed and accepted.

22. The effective date of any assumption and assignment of any Assumed Contract shall be the Closing Date. Accordingly, any Cure Amounts to be paid under any Assumed Contract will also be paid upon the closing of the Asset Sale or as soon thereafter as the Cure Amount is fixed.

### III. APPLICABLE AUTHORITY

#### A. The Asset Sale Is Within Debtor's Sound Business Judgment.

23. Bankruptcy Code section 363(b)(1) provides, in relevant part: "The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate . . . ." Bankruptcy Code section 105(a) provides in relevant part: "The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title."

24. The Fifth Circuit has set forth the standard for the authorization of sales pursuant to section 363 in *International Creditors of Continental Air Lines, Inc. v. Continental Airlines Inc. (In re Continental Airlines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986). The assets to be sold must be property of the debtor's estate. *Continental Air Lines, Inc.*, 780 F.2d at 1226. Additionally, there must exist a valid "business justification" for the sale. *Id.* In determining whether there is sufficient business justification for the sale, the court

should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the asset to the estate as a whole, the amount of elapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the

proceeds to be obtained from the disposition vis-à-vis any appraisals of the property, which of the alternatives of use, sale or lease the proposal envisions and, most importantly perhaps, whether the asset is increasing or decreasing in value. This list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.

*Id.* (quoting *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d. Cir. 1983); *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 145–47 (3d Cir. 1986) (adding “good faith” requirement to *Lionel’s* test).

25. Debtor believes the Sale is the best way to preserve the value of the Property and maximize the value of Debtor’s estate for the benefit of Debtor’s creditors and other parties in interest.

**B. The Sale of the Property Satisfies the Sound Business Purpose Test.**

26. There is more than adequate business justification to sell the Property to WRR. As set forth above, Debtor believes the proposed WRR PSA maximizes recovery to the estate. *See In re Tempo Technology Corp.*, 202 B.R. 363 (D. Del. 1996), *aff’d*, 141 F.3d 1155 (3d Cir. 1998) (sale of substantially all of a chapter 11 debtor’s assets pursuant to a section 363(b) motion where the debtor “faced a severe cash shortfall and had no readily available source of investment capital or loans,” and would shortly have run out of cash absent the debtor-in-possession financing provided by the prospective Purchaser); *see also, In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 177 (D. Del. 1991) (affirming bankruptcy court’s approval of sale of substantially all assets where debtor would have been “in liquidation mode if required to delay a sale until after filing a disclosure statement and obtaining approval for a reorganization plan”); *Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396 (Bankr. W.D. Pa. 1991) (bankruptcy court granted expedited hearing on 363(b) motion based on “deterioration” of debtor’s assets); *Coastal Indus., Inc. v. IRS (In re Coastal Indus., Inc.)*, 63 B.R. 361, 366–69 (Bankr. N.D. Ohio 1986) (approving expedited 363(b) sale five weeks postpetition to

buyer with “the name recognition required by [the debtor’s] customers” where debtor was suffering operating losses and lacked financing to continue its operations).

27. Based upon an analysis of Debtor’s ongoing and future business prospects, Debtor’s general partner has concluded that, given the Debtor’s continuing cash losses and its inability to obtain replacement financing, the best way to maximize the value of Debtor’s estate is to sell its assets immediately to the purchaser of its selection at the price that the Debtor has determined to be adequate on terms that afford them confidence of closing quickly.

28. WRR has offered substantial value for the Property and is willing to close on a commercially reasonable time frame, thereby enabling the Debtor to reduce the risk that the value of the Property will deteriorate. Moreover, by selling the Property now, Debtor will relieve itself of certain ongoing costs and expenses, thereby minimizing administrative expenses and maximizing creditor recoveries. Accordingly, well-articulated business reasons exist for approving the WRR PSA, such that the “business purpose” test under Bankruptcy Code section 363 is met. *See Lionel*, 722 F.2d at 1071 (“[M]ost important perhaps, [is] whether the asset is increasing or decreasing in value.”).

**C. The Consideration Offered by Purchaser is Fair and Reasonable.**

29. Debtor submits that a sale of the Property pursuant to the WRR PSA will provide fair and reasonable consideration to Debtor’s estate. The WRR PSA requires Purchaser to pay \$38,300,000 for the Property together with an additional \$10,500,000 to be paid to the Debtor from MUD receivables. In addition the Purchaser will assume certain liabilities. Debtor respectfully submits that such consideration in exchange for the Property is both fair and reasonable.

30. Moreover, the proposed purchase price exceeds the total debt owed to creditors. Accordingly, the consideration to be paid for the Property is both fair and reasonable and should be deemed to have satisfied the requirements of Bankruptcy Code section 363(n).

**D. The WRR PSA Was Negotiated in Good Faith.**

34. The WRR PSA is the product of extensive arm's length negotiations between WRR and Debtor. These negotiations have involved substantial time and energy by the parties and their professionals, and the WRR PSA reflects give-and-take and compromises by both sides.

**E. Adequate Notice of the Asset Sale is Being Provided.**

35. The final element for the approval of a sale under Bankruptcy Code section 363 is the requirement that interested parties receive adequate notice. The Debtor shall serve a copy of this Motion and the WRR PSA upon the Notice Parties.

36. Debtor submits that such notice is reasonable and appropriate pursuant to Bankruptcy Rule 2002(a).

**F. The Proposed Sale was Negotiated in Good Faith**

31. The proposed sale and the WRR PSA were negotiated in good faith. WRR is not an insider or affiliate of the Debtor, and the proposed sale and WRR PSA have been negotiated at arms length and in good faith. The proposed sale to WRR represents the highest and best offer received considering the purchase price, the terms of the sale and the certainty of closing. The purchase price exceeds the total claims of creditors and is acceptable to the debtor's interest owners. Accordingly, the Debtor requests that the Court make a finding that WRR is entitled to the protections of Section 363(m) of the Bankruptcy Code.

32. Section 363(m) of the Bankruptcy Code provides that "[t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith. . . ." 11 U.S.C. § 363(m) (emphasis added).

33. To demonstrate a lack of good faith there must be a showing of fraud or collusion between the purchaser and the debtor or trustee. *Bleaufontaine, Inc. v. Roland Int'l (In re*

*Bleaufontaine, Inc.*), 634 F.2d 1383, 1388 n. 7 (5th Cir. 1981) (“[t]ypically, the misconduct that would destroy a purchaser’s good faith status at a judicial sale involves fraud, collusion between purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.”). No such facts exist here.

**G. The Sale Satisfies the Requirements of Bankruptcy Code Section 363(f) for a Sale Free and Clear of Liens, Encumbrances, and Interests.**

34. Under Bankruptcy Code section 363(f), a debtor in possession may sell property of the estate free and clear of any lien or interest of an entity in such property if, among other things:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

35. Because Bankruptcy Code section 363(f) is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice as justification to approve the sale of the Property free and clear of liens and other interests (collectively, the “**Interests**”). *See* 11 U.S.C. § 363(f); *Mich. Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.)*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (section 363(f) written in disjunctive; court may approve sale “free and clear” provided at least one of the subsections is met); *Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343 (E.D. Pa. 1988) (same).

36. Debtor believes that the only lienholders on the Property are HCB and certain Williamson County taxing authorities. All parties holding secured claims are aware of the proposed sale, and thus, Debtor is confident it will obtain any necessary consent on or before the

Sale Hearing, thereby satisfying Bankruptcy Code section 363(f)(2). Moreover, the purchase price proposed in the WRR PSA is sufficient to pay all known claims against the Debtor. Accordingly, the Debtor submits that one or more of the subsections of Bankruptcy Code section 363(f) applies, and that any such Interest will be adequately protected by having it attach to the net proceeds of the sale, subject to any claims and defenses Debtor may possess with respect thereto.

37. Accordingly, the sale should be approved under Bankruptcy Code section 363(f).

**H. The Assumption and Assignment of Executory Contracts and Unexpired Leases Should Be Authorized.**

38. Section 365(f)(2) of the Bankruptcy Code provides, in pertinent part, that:

The trustee may assign an executory contract or unexpired lease of the debtor only if:

(A) the trustee assumes such contract or lease in accordance with the provisions of this section; and

(B) adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

11 U.S.C. § 365(f)(2).

39. Under Bankruptcy Code section 365(a), a debtor, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Bankruptcy Code section 365(b)(1), in turn, codifies the requirements for assuming an unexpired lease or executory contract of a debtor. This subsection provides:

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee—

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default other than a default that is a breach of a provision relating to the satisfaction of any provision (other than a penalty rate or penalty provision) relating to a default arising from any failure to perform nonmonetary obligations under an unexpired lease of real property, if it is impossible for the trustee to cure such default by performing nonmonetary acts at and after the time of assumption, except that if such default arises from a failure to operate in accordance with a nonresidential real property lease, then such default shall be cured by performance

at and after the time of assumption in accordance with such lease, and pecuniary losses resulting from such default shall be compensated in accordance with the provisions of this paragraph;

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

40. The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, and should be given practical, pragmatic construction. *EBG Midtown S. Corp. v. McLaren/Hart Envtl. Eng’g. Corp. (In re Sanshoe Worldwide Corp.)*, 139 B.R. 585, 593 (S.D.N.Y. 1992); *see In re Prime Motor Inns, Inc.*, 166 B.R. 993, 997 (Bankr. S.D. Fla. 1994); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988).

41. Among other things, adequate assurance may be provided by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. *See, In re Bygaph, Inc.*, 56 B.R. 596, 605–06 (Bankr. S.D.N.Y. 1986) (adequate assurance of future performance is present when prospective assignee of lease from debtor has financial resources and has expressed willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding).

42. As set forth in the WRR PSA, to the extent any defaults exist under any executory contract or unexpired lease that is assumed and assigned, Debtor will cure any such default in connection with the assumption and assignment.

43. Moreover, Debtor will adduce facts at the Sale Hearing to show the financial wherewithal of WRR, experience in the industry, and willingness and ability to perform under the contracts to be assumed and assigned to it.

44. The Sale Hearing will therefore provide the Court and other interested parties the opportunity to evaluate and, if necessary, challenge the ability of WRR to provide adequate assurance of future performance under the contracts to be assumed, as required under Bankruptcy Code section 365(b)(1)(C). The Court should therefore authorize Debtor to assume and assign contracts as set forth herein.

45. Based on the forgoing, the Debtor submits that the relief requested herein is necessary and appropriate, is in the best interest of the Debtor and its estate, and should be granted in all respects.

#### **IV. CONCLUSION**

WHEREFORE, Debtor respectfully requests that this Court enter an order substantially in the form attached hereto as Exhibit "B" (a) approving the WRR PSA; (b) authorizing Debtor to (i) sell the Property free and clear of all Interests; (ii) assume and assign the Assigned Contracts; and (c) finding that the Purchaser is a good faith purchaser under Section 363(m); (d) waiving the 14 day stay period under Bankruptcy Rule 6004(g); and (e).granting such other and further relief as is just and proper.



Respectfully submitted September 26, 2016.

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ATTORNEYS FOR LAREDO WO, LTD

**CERTIFICATE OF SERVICE**

A true and correct copy of the foregoing document was filed with the Court and served electronically upon those parties registered to receive electronic notice via the Court's CM/ECF system, as set forth below. I further certify that it has been transmitted by first class mail to the parties on the attached service list

/s/ Raymond W. Battaglia

**PURCHASE AND SALE AGREEMENT  
BETWEEN  
WRR INTEREST, LLC, AS BUYER, AND  
LAREDO WO, LTD., AS SELLER  
[WATER OAK SOUTH]**

This Purchase and Sale Agreement (this "Agreement") is entered into by and between **WRR INTEREST, LLC**, a Texas limited liability company, its successor and assigns (as permitted by Section 25) (the "Buyer"), and **LAREDO WO, LTD.**, a Texas limited partnership (the "Seller" and Buyer and Seller are sometimes individually referred to as a "Party" and collectively referred to as "Parties"). In consideration of the mutual covenants and representations herein contained, Seller and Buyer agree as follows:

1. Description of Property. Seller agrees to sell, and Buyer agrees to purchase, the following, all upon and subject to the terms set forth herein:

1.1 Land. A tract of land, being approximately 1,060.018 acres of land, more or less, located on FM 2243, Williamson County, Texas and more particularly described in the metes and bounds description attached as Exhibit A, and incorporated herein by reference for all purposes (the "Land").

1.2 Rights and Appurtenances. All rights and appurtenances on, above, under or pertaining to the Land, including any right, title, and interest of Seller in and to any strips or gores between the Land and all abutting or adjoining properties, adjacent streets, alleys or rights-of-way in, on, across, in front of, or used in connection with the beneficial use and enjoyment of said Land, as well as any easements, rights, licenses, privileges, entitlements, bonds, reservations, development rights, utilities, utility capacities (as limited in Section 1.4), sewage treatment capacity and water rights and capacities (as limited in Section 1.4), reversions appurtenant to the Land, and all mineral interests of any kind associated with and/or appurtenant to the Land (the "Rights and Appurtenances").

1.3 Improvements and Personal Property. All buildings, structures, and other improvements, fixtures, and landscaping located on the Land (the "Improvements"). Improvements do not include three room trailer by FM 2243, wildlife feeders/structures installed to maintain wildlife ad valorem exemption and deer blinds and deer feeders related to hunting (the "Excluded Items"), and all tangible personal property, if any, owned by Seller and located on, related to, or used in connection with, the Land and Improvements (the "Tangible Personal Property").

1.4 Intangible Personal Property. All of Seller's right, title and interest in and to any intangible personal property related to the Real Property (as defined below), including: (i) all site plans, proposed subdivision plats, surveys, topographical surveys, soil and substrata studies, plans and specifications, engineering plans and studies, environmental assessments reports, or other studies or information, and other plans, drawings, diagrams or studies of any kind, if any, specifically prepared for the Land owned by Seller or paid for by Seller (only to the extent assignable by Seller); (ii) all development rights, underground water rights and density rights, if any; (iii) all environmental studies, habitat studies, endangered species reports, traffic

studies, any proposed, preliminary and final plat(s), construction drawings, soils, grading, or other engineering reports, assessments, studies, and similar reports pertaining or relating to the Real Property, if any; (iv) all governmental permits, approvals, licenses, consents or similar documents, if any related to the Land (to the extent assignable); (v) all development entitlements, permits, utility capacities, drainage easements, licenses, bonds, and existing approvals of any governmental authority relating to the development, construction, use or operation of the Land, including all of the right, title, and interest of Seller in and to all wastewater and/or water capacity specifically allocated to the Land, but only to the extent that such development entitlements, permits, utility capacities, licenses, and existing approvals relate to the Land; (vi) all other property owned or held by Seller relating to the design, construction, ownership, development, or operation of the Real Property, including any contracts, agreements, leases, warranties, guaranties, claims, and causes of action, but excluding any contracts, agreements, leases or similar items which Buyer does not expressly agree to assume in writing; and (vii) 4,600 wastewater Service Unit Equivalents (“SUEs”) out of the 5,200 wastewater SUEs reserved for Seller in Section 5.2(b) of the COG Development Agreement (as defined in Section 6.3), (collectively the “Intangible Personal Property”). Buyer shall not assume any obligations under any instrument or right assigned, unless Buyer expressly agrees to assume such obligations in the Bill of Sale or other Closing document

The Land, Rights and Appurtenances and Improvements are, collectively, referred to herein as the “Real Property” and the Real Property, Tangible Personal Property and Intangible Personal Property are, collectively, referred to herein as the “Property.”

2. Effective Date. This Agreement, when executed by Buyer and Seller, shall be delivered to Chicago Title of Texas, LLC, 755 E. Mulberry, Suite 125, San Antonio, Texas 78212: Attention Mr. Val E. Juve (the “Title Company”) (See Notice to Title Company that follows the signature of Buyer and Seller in this Agreement). The effective date of this Agreement will be the date on which this Agreement is fully executed by both Parties and receipted by the Title Company (the “Effective Date”).

3. Earnest Money. Within ten (10) days following the Approved Effective Date (as defined below), Buyer will cause to be delivered to the Title Company the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00 U.S.) in immediately available funds, to secure Buyer’s performance pursuant to the terms and conditions of this Agreement, to be held in an interest bearing account with a federally insured institution reasonably acceptable to Buyer (“Initial Escrow Deposit”). If Buyer has not terminated this Agreement prior to the expiration of Buyer’s Examination Period (as defined in Section 7.2), and as a condition to the continuation of Seller’s obligations hereunder beyond the final day of Buyer’s Examination Period, Buyer shall deposit, on or before the day after the final day of Buyer’s Examination Period, with the Title Company in escrow, the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00 U.S.) (“Second Escrow Deposit”). The Initial Escrow Deposit and Second Escrow Deposit, when made, and all interest earned thereon shall constitute the “Earnest Money.” In the event Buyer fails to deposit either the Initial Escrow Deposit or the Second Escrow Deposit as required hereunder, Seller shall have the right to terminate this Agreement. If Buyer elects to proceed with the purchase of the Property by delivering the Notice of Suitability (as defined in Section 7.3) to Seller pursuant to Section 7, the Earnest Money shall become nonrefundable, subject to

the terms of this Agreement, and shall be applied toward the Purchase Price (as defined in Section 4) at Closing (as defined in Section 11).

4. Purchase Price. The “Purchase Price” for the Property shall be the total of (i) Thirty-Eight Million Three Hundred Thousand and No/100 Dollars (\$38,300,000.00 U.S.) (the “Base Purchase Price”), subject to credits, adjustment and prorations as set forth below, and (ii) the Additional Purchase Price, as such term is defined in, and payable as provided in the Additional Purchase Price Agreement (the “Additional Purchase Price Agreement”) attached hereto as Exhibit C, which shall be executed by Seller and Buyer and delivered at Closing as obligations running with the land. Notice of the provisions of this Section 4 relating to Additional Purchase Price Agreement will be set forth in a memorandum in the form attached as Exhibit A to the Additional Purchase Price Agreement (the “Memorandum of Additional Purchase Price Agreement”), which shall be executed by Seller and Buyer at Closing and recorded in the Real Property Records of Williamson County, Texas. The Base Purchase Price, subject to credits, adjustments and pro rations set forth in this Agreement, shall be payable in immediately available funds at Closing, and the Additional Purchase Price shall be payable as provided in the Additional Purchase Price Agreement.

5. Title; Reports and Studies.

5.1 Survey. Seller has delivered to Buyer a new, on-the-ground land title survey of the Land prepared by Jon P. Bordovsky dated August 30, 2016 (the “Survey”). The costs of the Survey shall be paid by Seller. .

5.2 Title Commitment. Within fifteen (15) days after the Approved Effective Date, Seller shall cause the Title Company to furnish to Buyer a Commitment for Owner’s Policy of Title Insurance from the Title Company, as agent for Chicago Title Insurance Company or other title insurance company acceptable to Buyer on the standard form of policy prescribed by the Texas State Board of Insurance dated after the Effective Date showing all matters affecting title to the Land (the “Commitment”), together with complete and legible copies of all instruments referenced in the Commitment (the “Title Documents”). The Commitment will commit the Title Company to issue to Buyer at the Closing a fully paid Owner’s Policy of Title Insurance (the “Owner’s Title Policy”) covering the Land, in the amount of the Purchase Price, insuring Buyer’s fee simple title to the Land to be good and indefeasible subject to the terms of such Owner’s Title Policy (which Owner’s Title Policy shall be issued at Buyer’s sole cost and expense), subject only to the Permitted Exceptions (as defined in Section 5.3). The Title Commitment shall identify the particular tract out of the Property encumbered by each exception listed in Schedule B to the Title Commitment. The Title Company is instructed to issue to Buyer and Buyer’s lender an insured services closing letter as permitted by the Texas Insurance Code.

5.3 Title and Survey Objections. Within fifteen (15) days from the date that the latter of the Commitment, copies of the Title Documents, and the Survey are provided to Buyer, Buyer shall approve or disapprove the Commitment and the Survey (the “Approval Period”) by delivering written notice to Seller, such approvals or disapprovals to be within Buyer’s sole discretion. If Buyer fails to disapprove any such item by delivering written notice to Seller and the Title Company prior to the expiration of the Approval Period, Buyer shall be

deemed to have approved such item. Buyer shall give Seller written notice of its objections to the Commitment and the Survey (the "Title and Survey Objections") prior to the expiration of the Approval Period. Notwithstanding anything herein to the contrary, Seller shall be required to obtain the release or removal of, and Buyer is deemed to disapprove and object to (i) all matters listed on Schedule C of the Commitment, (ii) monetary liens existing on the Property, (iii) liens, judgments or other encumbrances granted or created by Seller after the Effective Date without Buyer's written consent, (iv) any mechanic's or materialmen's liens arising by, through or under Seller, and (v) any unpaid ad valorem taxes for any years prior to the year of Closing (collectively, "Non-Permitted Liens"), all of which shall be satisfied, cured or removed by Seller at Seller's sole cost and expense, at or prior to the Closing. All of the exceptions set forth on the Commitment and the Survey that are approved by Buyer or which are deemed to be approved by Buyer shall constitute the "Permitted Exceptions." If Buyer provides the Title and Survey Objections to any item on the Commitment or the Survey by delivering written notice to Seller and the Title Company prior to the expiration of the Approval Period, Seller shall have ten (10) days after receipt of the Title and Survey Objections in which to notify Buyer in writing whether or not Seller will attempt to cure or remove all or any of the objections set forth in the Title and Survey Objections prior to the Closing (the "Response Notice"). Seller's failure to deliver the Response Notice within the ten-day period will be deemed an election by Seller not to attempt to cure or remove any of the objections set forth in the Title and Survey Objections. If Seller elects (or is deemed to have elected) not to attempt to cure any objections set forth in the Title Objection Letter, then Buyer may elect to either, (a) terminate this Agreement by delivering written notice ("Buyer's Termination Notice") to Seller, in which event the Earnest Money immediately shall be returned to Buyer, and neither party will have any further rights or obligations hereunder except for those expressly stated to survive the termination of this Agreement, or (b) waive any title objections that Seller has elected or deemed elected not to attempt to cure. If Buyer does not deliver Buyer's Termination Notice to Seller within the time period set forth herein, Buyer shall be deemed to approve of all of the exceptions set forth on the Commitment and the Survey as then existing. Notwithstanding anything to the contrary in this Agreement, Seller shall remove from title on or before the Closing Date (as defined in Section 11) all Non-Permitted Liens, if any, against Seller or the Property. If, at any time, any additional title exceptions or other matters affecting the Property are revealed by any update of the Commitment or the Survey, and Buyer did not cause such title exceptions or other matters, Buyer shall have ten (10) days after receipt of any updated Commitment or updated Survey to object to such matters. Any objections so made shall be considered to be one of the Title and Survey Objections as defined above, except that such objections shall be subject to a ten (10) day cure period within which Seller may cure the objections to Buyer's satisfaction. Seller's failure to so cure within such cure period will result in a five (5) day time period within which Buyer will elect to either (a) terminate this Agreement by delivering Buyer's Termination Notice to Seller, in which event the Earnest Money immediately shall be returned to Buyer, and neither party will have any further rights or obligations hereunder, except for those expressly stated to survive the termination of this Agreement, or (b) waive any title objections that Seller has not cured. Each time period for curative action with respect to any additional Title and Survey Objections will commence on the date of Buyer's notice to Seller raising such additional Title and Survey Objections. If Buyer does not deliver Buyer's Termination Notice to Seller within said five (5) day time period, Buyer shall be deemed to have elected to terminate under clause (a) above. Each time period for curative action with respect to any additional Title and Survey

Objections will commence on the date of Buyer's notice to Seller raising such additional Title and Survey Objections. If Seller elects to cure or remove any or all Title and Survey Objections pursuant to Seller's delivery of the Response Notice, Seller shall use best efforts to cure or remove such title objections prior to the Closing. If Seller fails to cure or remove such title objections prior to the Closing, then Buyer shall on or before Closing, at its option, elect in writing to either (i) terminate this Agreement, in which event the Earnest Money will be returned to Buyer and the parties will have no further rights or obligations hereunder except as otherwise expressly provided in this Agreement, or (ii) waive such Title and Survey Objections and proceed to Closing.

Buyer shall have the right to terminate this Agreement in the event that the Title Company does not issue at Closing, or unconditionally commit at Closing to issue, to Buyer, a standard owner's title policy in accordance with the Title Commitment, insuring Buyer's title to the Property in the amount of the Purchase Price, subject only to the standard exceptions and exclusions from coverage contained in such policy (except those which are removable by delivery of Seller's Affidavit described in Section 12.2) and the Permitted Exceptions, in which case the Earnest Money shall be promptly returned to Buyer and the parties hereto shall have no further rights or obligations, other than those that by their terms survive the termination of this Agreement.

5.4 Reports. Within five (5) days after the Effective Date, Seller will provide to Buyer copies of all information (including those items described in Section 1.4 above), in Seller's possession, regarding (i) all tax bills and notices of appraised value relating to the Land (including the Out Parcel), including without limitation, real property, personal property, and special assessment notices and property valuation statements for the current year, (ii) the physical condition and soils and geological condition of the Land, (iii) the availability and status of utilities including utility service plans and all documentation related to water rights, (iv) preliminary plans, specifications, development plans, map, plats, architectural drawings, renderings, engineering reports, and cost estimates for such plans, and third party market studies, (v) environmental issues (including, without limitation, any Phase I assessments, other environmental reports and studies, bird letters, bug letters or cave letters, soils and wetlands reports, agronomic reports, irrigation reports, and soils studies); (vi) all current contracts and leases related to the Property that will not be terminated on or before Closing, and any proposed contracts or leases being negotiated; (vii) all books, records and operating statements, if any, for the Property, (viii) any prior land or title reports or surveys, topographical surveys, and tree surveys, all zoning permits, entitlements, application, proposals, and concurrency approvals for the Property, and any building and occupancy permits and other governmental permits and licenses including all licenses, permits, franchises, certifications, authorizations, and approvals, approved or granted by any governmental authority or body having jurisdiction over the Property and all other documents which relate to the ownership, operation and management of the Property (collectively, the "Property Information").

6. Land Use Matters. The following land use matters represent additional consideration for this transaction (collectively, the "Land Use Matters"):

6.1 Post-Closing Obligations. Seller and Buyer acknowledge that there are development and construction obligations and rights with respect to the Land and Seller's

Retained Land that will be allocated between Seller and Buyer. Seller and Buyer will agree to use good faith efforts to negotiate and agree on the terms of a development agreement (“Development Agreement”) that will address, among other matters the construction by Buyer of the bridge over the South San Gabriel River and sharing of trademarks, domain names, websites, and other and other intellectual property associated with the name of “Water Oak”. If a mutually acceptable Development Agreement cannot be negotiated by Seller and Buyer on or before forty-five (45) days after the Approved Effective Date, then either Party may terminate this Agreement by written notice to the other Party on or before the Closing, and the Earnest Money shall be returned to Buyer and neither Party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement. The Development Agreement that is mutually agreed upon shall be executed by Seller and Buyer and delivered at Closing as obligations running with the Land. Such Development Agreement shall be evidenced by a memorandum (“Memorandum of Development Agreement”) which shall be recorded in the Real Property Records of Williamson County, Texas. The provisions of this Section 6.1 shall be set forth in the Development Agreement.

6.2 Platting and Governmental Approvals. Buyer’s intended use of the Property will require platting of the Property. Buyer shall be responsible, at its cost, for the preparation of the plat or plats and obtaining municipal approval of same. The development of the Land will be based generally on the lot and street layout set out in the COG Development Agreement. Buyer retains the right to modify lot lines and other items so long as the development of the Land occurs in accordance with the COG Development Agreement. Seller shall cooperate with Buyer in its efforts to obtain approval of the plat or plats of the Land, construction and any other necessary governmental approvals for Buyer’s intended use of the Property and shall within two (2) business days following a request by Buyer execute any and all applications, consents, and other documents reasonably requested by Buyer in connection therewith. Seller agrees to execute any and all documents that might be required in order to obtain any governmental approvals or consent with respect to the above described matters. The provisions of this Section 6.2 shall be set forth in the Development Agreement.

6.3 COG Development Agreement. Seller and Buyer acknowledge that the land adjacent to the north of the Land, depicted on Exhibit A, will be retained by Seller (“Seller’s Retained Land”). The Land and Seller’s Retained Land are subject to that certain Amended and Restated Development Agreement Concerning the Water Oak Subdivision (f/k/a ABG Subdivision) dated March 14, 2012, and recorded under Document No. 2012027844, Official Public Records of Williamson County, Texas (the “COG Development Agreement”). Seller shall assign the COG Development Agreement to Buyer pursuant to an assignment of the COG Development Agreement to be negotiated and agreed upon by and among Seller and Buyer and the City of Georgetown (the “City”). Seller and Buyer will work together, in good faith and using commercially reasonable efforts, to negotiate and reach agreement between and among Seller, Buyer, MUD 25 and the City on the terms of the assignment of the COG Development Agreement within forty-five (45) days after the Approved Effective Date (the final agreed to version of such assignment of the COG Development Agreement being referred to herein as the “Assignment of COG Development Agreement”). If the Assignment of COG Development Agreement cannot be negotiated by Seller, Buyer, and the City’s planning staff within such 45-day period, then either Party may terminate this Agreement by written notice to the other Party on or before the Closing, and the Earnest Money shall be returned to Buyer and neither Party will

have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement. The Parties specifically agree that the Assignment of COG Development Agreement shall provide for the following rights and obligations of the Parties:

(a) Buyer will construct all Trail Network (as defined in the COG Development Agreement) in the Land in accordance with the COG Development Agreement;

(b) Buyer will dedicate all Open Space Areas and Programmed Open Space (as defined in the COG Development Agreement) in the Land in accordance with the COG Development Agreement;

(c) Buyer will construct the entry improvements in accordance with Exhibit "I" of the COG Development Agreement;

(d) Buyer will generally develop the Land in accordance with the Land Use Plan attached as Exhibit B of the COG Development Agreement. Buyer retains the right to modify lot lines and other items so long as the development of the Land occurs in general accordance with the COG Development Agreement; and

(e) Buyer will dedicate 2.5 acres of land adjacent to the entry improvements for future conveyance to the City of Georgetown or Emergency Service District No. 8 ESD for a fire station.

6.4 Partial Assignment of Consent Agreement. The Land and Seller's Retained Land are also subject to that certain Amended and Restated Consent Agreement dated January 4, 2012 (the "Consent Agreement"). With the exception of all rights to create municipal utility districts pursuant to Article II of the Consent Agreement, which rights shall be assigned in whole to Buyer, Seller shall retain all obligations under the Consent Agreement pertaining to Seller's Retained Land and Buyer shall assume all obligations under the Consent Agreement that pertain to the Land, all pursuant to a partial assignment of the Consent Agreement to be negotiated and agreed upon by and among Seller, Buyer, the City, and Williamson County Municipal Utility District No. 25 ("MUD 25"). Seller and Buyer will work together, in good faith and using commercially reasonable efforts, to negotiate and reach agreement between and among Seller, Buyer, the City, and MUD 25 on the terms of the partial assignment of the Consent Agreement within forty-five (45) days after the Approved Effective Date (the final version of such partial assignment of the Consent Agreement being referred to herein as the "Partial Assignment of Consent Agreement"). If Seller, Buyer, the City, and MUD 25 cannot negotiate the Partial Assignment of Consent Agreement within such 45-day period, then either Party may terminate this Agreement by written notice to the other Party on or before the Closing, and the Earnest Money shall be returned to Buyer and neither Party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement.

6.5 Municipal Utility District Agreement. Seller has established the Williamson County Municipal Utility District #25 pursuant to the COG Development Agreement and the Consent Agreement for the purposes of being reimbursed for certain public infrastructure improvements. Buyer will comply with all standard and reasonable requirements of MUD 25 and the Texas Commission on Environmental Quality to allow for the issuance of bonds by MUD 25 for reimbursement of costs of eligible facilities, including all applicable legal and regulatory requirements relating to competitive bidding of construction contracts. Approximately 297.70 acres of the Land (the "MUD 25 Land") lies within the boundaries of MUD 25, which Seller



established pursuant to the COG Development Agreement and the Consent Agreement for the purpose of being reimbursed for certain public infrastructure improvements, including but not limited to the portions of a 24" sewer line (such portions being collectively referred to herein as the "SSG Sewer Line") constructed by Seller that will serve all of the MUD 25 Land and the remainder of the Land that lies outside of the boundaries of MUD 25 (the "Non MUD 25 Land"). Seller is entitled to be reimbursed by MUD 25 for a pro rata share of the cost of the SSG Sewer Line, based on the capacity therein allocated to the MUD 25 Land (the "MUD 25 SSG Reimbursables"), pursuant to that certain Development Reimbursement Agreement for Water, Sewer, and Drainage Facilities, dated March 1, 2010, between Seller and MUD 25 (the "Original MUD 25 Development Financing Agreement"). Further, Seller is entitled to be reimbursed by any new district to include all or part of the Non MUD 25 Land, for a pro rata share of the cost of the SSG Sewer Line, based on the capacity therein allocated to the portion of the Non MUD 25 Land located in the new district (the "New District SSG Reimbursables"), pursuant to one or more development financing agreements with the new district, as authorized by the COG Development Agreement and the Consent Agreement. Buyer agrees that it will not take any action to de-annex or exclude the MUD 25 Land from MUD 25, including, without limitation, submitting a petition for exclusion to MUD 25 or a petition for consent for exclusion to the City. Except for MUD 25 SSG Reimbursables, reimbursements shall be made to each developer of land within MUD 25, based on the appraised taxable value of the land developed by such developer. Approximately 82% of the MUD 25 SSG Reimbursables are allocated to the Property and will be collected as the Property is developed. Notwithstanding any contrary provision of this Agreement, as a condition of Buyer's obligation to consummate this transaction, one (1) individual selected by Buyer and communicated to Seller in writing during Buyer's Examination Period shall be proposed to the Board of Directors of MUD 25 as a person eligible to be appointed as a director of MUD 25. On or before the first issuance of bonds relating to the Land, a majority of the directors of MUD 25 who are appointed (as opposed to those who are elected by residents of MUD 25) will be identified by Buyer as persons eligible to serve as directors and proposed to the Board of Directors of MUD 25 as persons to be appointed as directors of MUD 25 by the Board of Directors. The provisions of this Section 6.5 shall be set forth in the Development Agreement.

6.6 Declarant Rights and Annexation. ABG Water Oak Partners, Ltd. is the Declarant under the Declaration of Covenants, Conditions and Restrictions for Water Oak Subdivision recorded in Document Number 2013034861, Official Public Records, Williamson County, Texas ("Declaration"). ABG Water Oak Partners, Ltd. will remain the Declarant and such rights shall not be transferred to Buyer. The Land is not subject to the Declaration, and Seller shall in no way make the Land subject to the Declaration.

6.7 Excluded Items. The Excluded Items will be removed from the Land within thirty (30) days after the Closing Date. The provisions of this Section 6.7 shall be set forth in the Development Agreement.

6.8 Seller's Rights. Notwithstanding anything to the contrary contained in this Agreement, Seller shall not have the right to exercise its termination rights under Section 6.1, 6.3 or 6.4 (i) prior to the end of Buyer's Examination Period or (ii) after the Development Agreement, the Assignment of COG Development Agreement and the Partial Assignment of Consent Agreement are negotiated (and in the case of the Development Agreement, agreed to)

regardless of the timing, so long as Buyer is diligently pursuing and negotiating the Development Agreement, the Assignment of COG Development Agreement and/or the Partial Assignment of Consent Agreement, as applicable.

7. Buyer's Examination Period.

7.1 Engineering and Environmental Studies by Buyer. During Buyer's Examination Period, Buyer and its agents shall have the right, at reasonable times and upon notice to Seller as required in this Section 7, during normal business hours to enter upon the Land to conduct soil, environmental and/or other studies, tests, inspections, analyses and appraisals, which Buyer deems advisable at the expense of Buyer, so long as after the completion of any such studies, the Land is returned to substantially the condition existing immediately prior to such studies (the "Property Inspection"), provided Buyer shall not be required to remove any hazardous materials discovered. Buyer shall give Seller verbal or written notice not less than one (1) Business Day [or two (2) Business Days if any testing will be invasive (i.e., a Phase II environmental assessment)] prior to conducting any test or inspection that physically affects the Land such as soil borings or internal examination of equipment or components of improvements, if any. Buyer shall not perform any test or inspection which will materially damage the Land, and Buyer shall promptly, at Buyer's sole cost and expense, restore and replace any part of the Land materially altered or damaged as a result of the Property Inspection to substantially the same condition as existed immediately prior to such test or inspection, provided Buyer shall not be required to remove any hazardous material. The entry upon the Land by Buyer, Buyer's personnel, and Buyer's experts shall be at their respective risks. Notwithstanding the above, Buyer shall have no responsibility or liability for any act or omission of Seller or Seller's agents, employees, contractors, or tenants and/or any adverse condition or defect on or affecting the Land not caused by Buyer or its employees, agents, contractors, or subcontractors, but discovered or impacted during their inspections, studies, and/or investigations.

7.2 Buyer's Examination Period. Buyer shall have until seventy-five (75) days after the Approved Effective Date ("Buyer's Examination Period"), to conduct a review of, and to determine if the following, in the Buyer's sole discretion, results in Buyer's purchase of the Property being economically and commercially viable to Buyer: (i) the Land; (ii) the Property Information; (iii) the Property Inspection; and (iv) any and all other matters relating to and aspects of the Property deemed necessary or appropriate by Buyer to be analyzed, reviewed, tested, inspected, and examined. Seller hereby consents to Buyer's communication with Seller's lender, project engineer, and any other consultants with knowledge of the Property Information or any other aspect of the Property and all applicable governmental authorities with respect to Land Use Matters during Buyer's Examination Period. Seller acknowledges and agrees that, in consideration of Buyer's right to conduct the Property Inspection during Buyer's Examination Period, Seller has received from Buyer the sum of One Hundred and No/100 Dollars (\$100.00 U.S.) (the "Independent Contract Consideration") in cash. This Independent Contract Consideration is in addition to, and independent of, the Earnest Money and any other payment by Buyer to Seller. This Independent Contract Consideration is nonrefundable and shall be retained by Seller notwithstanding any other provision of this Agreement.

7.3 Absolute Right to Terminate During Buyer's Examination Period. The conditions set forth in this Section 7 are solely for the benefit of Buyer and may be waived only

by Buyer. Buyer shall at all times have the right at its sole discretion to waive any condition. Such waiver or waivers shall be in writing delivered to Seller. The waiver by Buyer of any condition shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant, or agreement of Seller. During Buyer's Examination Period, Buyer will be conducting a review with respect to the Property so as to satisfy itself with respect to the condition of and other matters relating to the Property. During this time period, Buyer will have the absolute right to terminate this Agreement should the information and documents provided by Seller to Buyer or Buyer's evaluation and inspection of the Property result in Buyer's determination, in Buyer's sole and absolute discretion and for any or no reason whatsoever, that the Property is not suitable. In the event the feasibility study indicates, in Buyer's sole judgment and discretion, that the Property is suitable to Buyer, Buyer shall deliver written notice (the "Notice of Suitability") to Seller on or before the last day of Buyer's Examination Period. This Agreement shall automatically terminate if Buyer (i) delivers written notice of termination on or before the last day of Buyer's Examination Period or (ii) fails to deliver to Seller the Notice of Suitability on or before the last day of Buyer's Examination Period. In the event of such automatic termination, the Earnest Money will be returned to Buyer and neither party will have any further rights or obligations under this Agreement, except for those obligations that expressly survive termination as provided for in this Agreement.

7.4 Insurance. Buyer and its contractors, agents, and representatives shall obtain and maintain at all times during the pendency of this Agreement commercial general liability insurance with limits of at least One Million Dollars (\$1,000,000.00 U.S.) for bodily or personal injury or death, property damage insurance in the amount of at least One Million Dollars (\$1,000,000.00 U.S.), contractual liability insurance with respect to Buyer's obligations under this Section 7, and workers' compensation insurance in accordance with applicable law, all covering any accident arising in connection with the presence of Buyer, its contractors, agents, and representatives on the Land, which insurance shall name Seller as additional insured thereunder, be written by a reputable insurance company having a rating of at least "A+:VII" by Best's Rating Guide (or a comparable rating by a successor rating service). Buyer shall deliver a certificate of insurance in form reasonably acceptable to Seller evidencing that Buyer, its contractors, agents, and representatives have such insurance in place prior to performing any inspection or test on the Land pursuant to this Section 7.

7.5 INDEMNITY. BUYER SHALL INDEMNIFY AND HOLD SELLER HARMLESS ON ACCOUNT OF ANY CLAIMS, CAUSES OF ACTION, DAMAGES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS) ARISING OUT OF THE ACTS OF BUYER, ITS AGENTS, CONTRACTORS, AND REPRESENTATIVES UNDER THE PROVISIONS OF THIS SECTION 7, WHICH INDEMNITY SHALL SURVIVE THE CLOSING OR TERMINATION OF THIS AGREEMENT; PROVIDED, HOWEVER, SUCH INDEMNITY SHALL NOT EXTEND TO PROTECT SELLER FROM ANY PRE-EXISTING LIABILITIES FOR MATTERS MERELY DISCOVERED BY BUYER (*i.e.*, LATENT ENVIRONMENTAL CONTAMINATION). THE PROVISIONS OF THIS SECTION 7.5 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

8. Seller's Representations and Covenants. Seller hereby warrants and represents to Buyer that as of the Effective Date and as of the Closing Date:

8.1 Bankruptcy. On June 6, 2016, Seller commenced a bankruptcy case by filing a petition for relief under chapter 11 of the Bankruptcy Code under Bankruptcy Number 16-51297-RBK (the "Bankruptcy Case"). Seller continues to operate its business and manage its properties as debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Seller is required to obtain approval of the Bankruptcy Court presiding over the Bankruptcy Case (the "Bankruptcy Court") to sell the Property. The date of the final, binding order of the Bankruptcy Court approving this Agreement and the terms hereof shall be the "**Approved Effective Date**".

8.2 Authority. Seller is a Texas limited partnership duly organized and validly existing and in good standing under the laws of the State of Texas. Subject to approval of the Bankruptcy Court, Seller is authorized and empowered to enter into this Agreement and perform all of its obligations under this Agreement and all documents to be executed by Seller pursuant hereto; no consent of any third party or governmental agency is required; this Agreement constitutes a legal, valid, and binding obligation of Seller enforceable in accordance with its terms, and this Agreement and the consummation by Seller of this transaction does not, and on the Closing Date will not result in a breach of or default under any indenture, agreement, instrument or obligation to which Seller is a party. The individuals signing this Agreement, and all other documents executed or to be executed pursuant hereto on behalf of Seller, are and shall be duly authorized to sign the same on Seller's behalf, and to bind Seller thereto.

8.3 Ownership. Seller is the legal fee simple title holder of all of the Land (except the Out Parcel defined in Section 35.10) and has good and indefeasible title to the Land free and clear of all liens and encumbrances of any kind, except (1) real estate taxes for the current year that are liens on the Land and are not yet due and payable, (2) liens that will be satisfied and removed by Seller on or before the Closing Date, and (3) the Permitted Exceptions.

8.4 Status. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

8.5 Environmental. To the best of Seller's knowledge, (i) all required federal, state and local permits concerning or related to environmental protection and regulation for the Land have been secured and are current; (ii) Seller is and has been in full compliance with such environmental permits and other requirements regarding environmental protection under applicable federal, state or local laws, regulations, or ordinances; (iii) there is no pending action against Seller under any environmental law, regulation or ordinance and Seller has not received written notice of any such action or possible action; (iv) there is not now, nor has there been in the past, any release of hazardous substances on, over, at, from, into or onto any facility at the Land, as such terms are understood under the Comprehensive Environmental Response, Compensation and Liability Act; and (v) Seller does not have knowledge of any environmental condition, situation or incident on, at or concerning the Land that could reasonably be expected to give rise to an action or to liability under any law, rule ordinance or common law theory governing environmental protection.

8.6 Violations of Laws. To the best of Seller's knowledge, (i) no claim, action, suit or proceeding is pending against the Seller or the Property except for the Bankruptcy

Case and (ii) no written notice of any threatened claim, action or suit has been received by Seller. To the best of Seller's knowledge, the Property and Seller's present use of the Property is not in breach or violation of any law, ordinance or regulation, or any order of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherever located.

8.7 Litigation. Other than the Bankruptcy Case, Seller has not received any written notice of, litigation, claims, actions, or proceedings pending, being prosecuted or, to threatened against the Property, or any portion thereof, or against Seller, or affecting Seller and relating to the ownership, operation, use or occupancy of the Property, in any court or by or before any federal, state, county or municipal department, commission, board, bureau or agency or other governmental entity, and to the best of Seller's knowledge, other than the Bankruptcy Case, no such litigation, claims, actions, or proceedings are pending or being prosecuted or, are have been threatened.

8.8 Condemnation. Seller has not received any notice, nor does Seller have any actual knowledge, of any pending or contemplated condemnation, eminent domain, annexation, building moratorium, or similar proceeding affecting any portion of the Land or access to the Land.

8.9 Assessments. All ad valorem taxes on the Property for prior years and all special assessments on the Land of any kind have been paid in full in accordance with their terms. There is no pending or threatened special assessment or similar proceedings affecting any portion of the Property.

8.10 Intangible Personal Property. Prior to or at Closing, Seller will pay all sums owed with respect to the engineering costs associated with the Intangible Personal Property.

8.11 OFAC. As of the Effective Date, Seller and each shareholder, member or partner, as applicable, of Seller is (i) not identified on the Specially Designated Nationals and Blocked Persons List ("OFAC's List") maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained and published by OFAC pursuant to any authorizing statute, executive order or regulation, (ii) in compliance with the regulations of OFAC (including those named on OFAC's List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto, (iii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or executive order of the President of the United States and (iv) have not been indicted for or convicted of any Patriot Act Offense. None of the funds or other assets of Seller constitute property of any Embargoed Person (as hereinafter defined) and no Embargoed Person owns any interest in Seller. The term "Embargoed Person" means any shareholder, member or partner, as applicable, of Buyer that is subject to trade restrictions under U. S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50

U.S.C. App. 1 et seq., and any executive orders or regulations promulgated thereunder with the result that such investment in Seller is prohibited by law

8.12 No Commitments. Other than the COG Development Agreement, no commitments have been made to any governmental authority, utility company, school board or church, or to any other religious body, or any other organization, group or individual relating to any portion of the Property which would impose an obligation upon Buyer or its successors or assigns to make any contribution or dedication of money or land to construct, install or maintain any improvements of a public or private nature on or off any portion of the Property.

8.13 Agreements. There are no leases of all or any portion of the Property in effect as of the Effective Date. Other than the COG Development Agreement, Seller has entered into no unrecorded written contracts, agreements of sale, options to purchase, leases, lease amendments, occupancy agreements, guarantees, or right of first refusal or first opportunity to any party to acquire any fee or ground leasehold interest with respect to any aspect of the Property. To Seller's actual knowledge, there are no parties in possession of all or any part of the Land. Buyer acknowledges that the Out Parcel is owned by a related entity to Seller and Seller will have fee simple ownership of the Out Parcel on or prior to the Closing.

8.14 COG Development Agreement and Consent Agreement. To the best of Seller's knowledge, the COG Development Agreement and the Consent Agreement are in full force and effect and the recorded instruments represent the true, full and correct agreements.

8.15 No Written Notice of Breach of Covenants. To the best of Seller's knowledge, Seller has received no written notice of any default or breach by Seller under any covenants, conditions, restrictions, rights of way, leases with tenants or easements that may materially affect Seller in respect to the Property or may materially affect the Property or any portion thereof, and no such default or breach now exists.

8.16 Disclaimers. Except as otherwise provided in this Agreement, Buyer acknowledges and agrees that Seller has not made, does not make, and specifically negates and disclaims any representations, warranties (other than the special warranty of title as set out in the Deed or as expressly set forth herein), promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present, or future, of, as to, concerning, or with respect to: (i) the value, nature, quality or condition of the Property, including, without limitation, the water, soil, and geology; (ii) the income to be derived from the Property; (iii) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon; (iv) the compliance of or by the Property of its operation with any laws, rules, ordinances, or regulations of any applicable governmental authority or body; (v) the habitability, merchantability, marketability, profitability, or fitness for a particular purpose of the Property; (vi) the manner or quality of the construction or materials, if any, incorporated into the Property; (vii) the manner, quality, state of repair, or lack of repair of the Property; or (viii) any other matter with respect to the Property; and specifically, that, except as set forth in this Agreement, Seller has not made, does not make and specifically disclaims any representations regarding compliance with any environmental protection, pollution, or land uses laws, rules, regulations, orders, or requirements, including the existence in or on the Property of Hazardous Substances. Buyer further acknowledges and agrees that having been given the opportunity to inspect the

Property prior to the Closing Date, Buyer is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller (except for the representations and warranties of Seller contained in this Agreement), Buyer further acknowledges and agrees that Property Information was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the accuracy or completeness of such information except as may be provided in this Agreement. Seller expressly disclaims any and all liability for representations or warranties, express or implied, statements of fact, and other matters contained in the Property Information or for omissions from the Property Information, or in any other written or oral communications transmitted or made available to Buyer (except for the representations and warranties of Seller contained in this Agreement). When reference is made in this Agreement to Seller's "knowledge," "actual knowledge," "the best of Seller's knowledge," or like phrases, such term shall include only the knowledge of A. Bradford Galo, who is the representative of Seller and the person affiliated with Seller who has the best knowledge of the Property. Seller is not liable or bound in any manner by any verbal or written statements, representations, or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant, or other person, except A. Bradford Galo, and except for the representations set forth in this Agreement. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN AND AS OTHERWISE SET OUT HEREIN OR IN CLOSING DOCUMENTS. It is understood and agreed that the Purchase Price has been negotiated based on the fact that the Property is sold by Seller and purchased by Buyer subject to the foregoing. The provisions of this Section 8 shall survive the Closing in perpetuity.

9. Seller's Contractual Obligations to Buyer.

9.1 Bankruptcy. Within five (5) Business Days of the execution of this Agreement by Seller and Buyer, Seller will file a Motion with the Bankruptcy Court seeking authority to sell the Property to Buyer on the terms set forth in this Agreement free and clear of all liens, claims and encumbrances pursuant to Section 363(f) of the Bankruptcy Code within five (5) business days after the Effective Date of this Agreement and (ii) requesting a hearing on such Motion within ten (10) business days after such filing. Seller shall immediately notify Buyer of the approval or disapproval of this Agreement by the Bankruptcy Court. If the Bankruptcy Court does not approve this Agreement then this Agreement will automatically terminate in which event the Earnest Money immediately shall be returned to Buyer, and neither party will have any further rights or obligations hereunder, except for those expressly stated to survive the termination of this Agreement

9.2 Maintain Property. Seller, at Seller's sole cost and expense, shall maintain or cause to be maintained, the Property free from waste and neglect, and in as good order and repair as of the Effective Date, to and including the Closing Date or termination of this Agreement.

9.3 Operation. From the Effective Date until the Closing Date or earlier termination of this Agreement, Seller shall operate and manage the Property in the same manner as it has been operated and managed during the twelve (12) months preceding the Effective Date.

9.4 Notice to Buyer. Seller will immediately notify Buyer of any material change from the Effective Date with respect to the Property, the development or construction thereof, the Property Information or any threatened litigation.

9.5 Future Operations. From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall: (a) promptly advise Buyer in writing of any litigation, arbitration, or administrative hearing that arises, or is threatened, concerning the Land of which Seller, without any duty of independent inquiry, has notice. (b) not enter into any agreement that would bind or encumber the Property after the Effective Date without Buyer's prior written consent; (c) not construct or commence construction of any improvements on the Land without Buyer's prior written consent; (d) not plat, replat, subdivide, or rezone the Land, or amend any permits or development or utility rights applicable to the Property without Buyer's prior written consent; (e) not transfer, pledge, encumber, grant or convey, or agree to transfer, pledge, encumber, grant or convey, any interest in the Property; (f) maintain or cause to be maintained in full force and effect liability, casualty, and other insurance in substantially the same form upon and in respect to the Property as was being maintained by Seller as of the Effective Date; (g) cooperate with Buyer as reasonably necessary to assign and transfer to Buyer all governmental permits, licenses, approvals, agreements, property rights, development rights, and entitlements, and (h) cooperate with Buyer as reasonably necessary to assign and transfer to Buyer any trademarks, domain names, websites, and other similar Intangible Personal Property.

9.6 Possession. Possession of the Property shall be surrendered by Seller to Buyer at the Closing.

All of Seller's representations, warranties, covenants, and obligations under Sections 8 and 9 are made as of the Effective Date and are remade as of the Closing Date and shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing for a period of eighteen (18) months (the "Survival Period"). It shall be a condition of Buyer's obligation to close hereunder that all representations and warranties made by Seller hereunder are true as of the Closing Date.

10. Buyer's Representations. Buyer represents and warrants to Seller that:

10.1 Authority. Buyer is authorized and empowered to enter into this Agreement and perform all of its obligations under this Agreement, no consent of any third party or governmental agency is required, and this Agreement constitutes a legal, valid, and binding obligation of Buyer enforceable in accordance with its terms.

10.2 Litigation. There are no material claims, actions, suits, proceedings or investigations pending, or to the actual knowledge of Buyer threatened against Buyer which could reasonably be expected to materially impair the ability of Buyer to fulfill and perform its obligations under this Agreement.

10.3 Bankruptcy. Buyer agrees that it will promptly take such actions as are



reasonably requested by Seller to assist in obtaining entry of the Sale Order, such as furnishing affidavits, non-confidential financial information, confidential information subject to a reasonable form of confidentiality agreement or other documents or information for filing with the Bankruptcy Court and making its representatives available to be interviewed by Seller's attorneys and to testify before the Bankruptcy Court and at depositions.

10.4 Exclusivity. Buyer acknowledges that Seller will engage a broker to market the Property ("Bankruptcy Broker"). Seller is responsible for any fee that is charged by the Bankruptcy Broker regarding the closing of the Property with Buyer. Seller is authorized to negotiate and accept back up offers from third parties subject to Buyer's prior right to purchase the Property as set forth in this Agreement.

## 11. Closing.

11.1 Closing Date. The purchase and sale of the Property shall be closed (the "Closing") in the offices of the Title Company on the date that is one hundred five (105) days following the Approved Effective Date, or such earlier date as may be mutually agreed upon by Buyer and Seller (the "Closing Date"); provided, however, neither Seller nor Buyer shall be required to attend the Closing in person.

11.2 Conditions Precedent to Closing. The obligation of Buyer to proceed with the Closing hereunder is contingent upon all of the following conditions being satisfied as of the Closing Date: (i) no material or adverse developments have occurred with respect to the Property since the Effective Date and Seller delivers all Closing documents described in this Agreement; (ii) all representations and warranties of Seller are materially true and correct as of the Closing Date in all respects; (iii) the Title Company is prepared to issue the Title Policy to Buyer, with no exceptions other than the Permitted Exceptions; (iv) the Bankruptcy Court approves the sale of the Property to Buyer and, if applicable, all related documents such as the Assignment of COG Development Agreement and Partial Assignment of Consent Agreement; (v) Seller is not in default of this Agreement; (vi) the terms of the Assignment of COG Development Agreement have been finally approved by the City, which approval is not subject to appeal; and (vii) the terms of the Partial Assignment of Consent Agreement have been finally approved by the City and MUD 25, which approval is not subject to appeal.

11.3 Rights. If the conditions set forth in Section 11.2 are not met at the time of Closing, then Buyer will have the right, at its sole option, to do any of the following: (i) waive in writing the unsatisfied condition and proceed with the Closing; (ii) extend the time of the Closing for up to ten (10) days to allow completion of the unsatisfied condition; (iii) terminate this Agreement in its entirety, in which event the Earnest Money will be returned to Buyer and the parties will have no further rights or obligations hereunder except as expressly provided in this Agreement, or (iii) for Section 11.2(v) only, declare Seller in default of this Agreement and pursue the remedies of Buyer set forth in Section 15 of this Agreement .

12. Seller's Deliveries. At Closing, Seller shall deliver, or cause to be delivered, to Buyer:

12.1 Deed. An original, executed, and notarized Special Warranty Deed in the form attached hereto as Exhibit B (the “Deed”), conveying good and indefeasible title in fee simple to the Real Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments, restrictions, and other conditions except for the following:

- (a) taxes for the year of Closing and for subsequent years not yet due and payable, payment of which (subject to the proration herein) shall be assumed by Buyer; and
- (b) the Permitted Exceptions.

12.2 Additional Purchase Price Agreement. Seller’s original, executed counterpart of the Additional Purchase Price Agreement as described in Section 4 and in the form attached hereto as Exhibit C (the “Additional Purchase Price Agreement”).

12.3 Memorandum of Additional Purchase Price Agreement. Seller’s original, executed and acknowledged counterpart of the Memorandum of Additional Purchase Price Agreement as described in Section 2.16 of the Additional Purchase Price Agreement.

12.4 Bill of Sale and Assignment. Seller’s original, executed, and acknowledged counterpart of a Bill of Sale and Assignment in the form attached hereto as Exhibit D (the “Bill of Sale”), conveying the Tangible Personal Property and Intangible Personal Property to Buyer free and clear of any and all liens, encumbrances, conditions, easements, assessments, restrictions, and other conditions, except for the Permitted Exceptions. .

12.5 Title Policy. An Owner’s Title Policy issued for the benefit of Buyer (or Buyer’s assignee) in the amount of the Purchase Price, insuring good and indefeasible title to the Real Property, except for the Permitted Exceptions and all taxes for the year of Closing and subsequent years.

12.6 Development Agreement. A counter-part of the Development Agreement and Memorandum of Development Agreement as described in Section 6.1.

12.7 Memorandum of Development Agreement. A counter-part of the Memorandum of Development Agreement as described in Section 6.1.

12.8 Assignment of COG Development Agreement. Seller’s original, executed, and acknowledged counterparts of the Assignment of COG Development Agreement as described in Section 6.3.

12.9 Partial Assignment of Consent Agreement. Seller’s, the City’s, and MUD 25’s original, executed, and acknowledged counterparts of the Partial Assignment of Consent Agreement as described in Section 6.4.

12.10 Notice to Purchasers. Seller’s original, executed, and acknowledged counterpart of the Notice to Purchasers as described in Section 35.7.

12.11 Non-Foreign Affidavit. An original, executed Affidavit of Seller certifying that Seller is not a “foreign person” as defined in the Federal Foreign Investment and Real Property Tax Act of 1980, and the 1984 Tax Reform Act, as amended.

12.12 Other Documents. Such other documents and instruments as are reasonably required by Buyer or the Title Company in connection with the issuance of its Owner’s Title Policy to Buyer or consummation of the transaction contemplated by this Agreement, including, without limitation, (a) evidence of Seller’s authority, and (b) an affidavit sufficient in form and content to enable the Title Company to issue the Title Policy without exception to “parties” in possession (the “Seller’s Affidavit”).

13. Buyer’s Obligations at Closing. At the Closing, Buyer shall deliver to Seller the following:

13.1 Purchase Price. The Purchase Price, less the full amount of any credits or deductions to which Buyer is entitled under the terms of this Agreement, by cashier’s check or wire transfer of immediately available U.S. funds.

13.2 Additional Purchase Price Agreement. Buyer’s original, executed counterpart of the Additional Purchase Price Agreement as described in Section 4 and in the form attached hereto as Exhibit C (the “Additional Purchase Price Agreement”).

13.3 Memorandum of Additional Purchase Price Agreement. Buyer’s original, executed and acknowledged counterpart of the Memorandum of Additional Purchase Price Agreement as described in Section 2.16 of the Additional Purchase Price Agreement

13.4 Bill of Sale and Assignment. Buyer’s original, executed, and acknowledged counterpart of the Bill of Sale, conveying the Tangible Personal Property, the Intangible Personal Property to Buyer free and clear of any and all liens, encumbrances, conditions, easements, assessments, restrictions, and other conditions, except for the Permitted Exceptions.

13.5 Development Agreement. A counter-part of the Development Agreement and Memorandum of Development Agreement as described in Section 6.1.

13.6 Memorandum of Development Agreement. A counter-part of the Memorandum of Development Agreement as described in Section 6.1.

13.7 Assignment of COG Development Agreement. Buyer’s original, executed, and acknowledged counterpart of the Assignment of COG Development Agreement as described in Section 6.3.

13.8 Partial Assignment of Consent Agreement. Buyer’s original, executed, and acknowledged counterpart of the Partial Assignment of Consent Agreement as described in Section 6.4.

13.9 Notice to Purchasers. Buyer’s original, executed, and acknowledged counterpart of the Notice to Purchasers as described in Section 35.7.

13.10 Other Documents. Such other documents and instruments as are reasonably required by Seller or Title Company in connection with the Closing, or in connection with the Title Company's issuance of the Owner's Title Policy to Buyer.

14. Prorations and Adjustments.

14.1 At Closing, ad valorem taxes and assessments for the Land (the "**Property Taxes**") for the year of Closing shall be prorated as of the Closing Date and the day of closing shall belong to Seller. The proration shall be based upon the Property Taxes actually assessed for the calendar year in which the Closing occurs; provided, however, that if for any reason the amount of the Property Taxes for the year of Closing is not yet known, then the proration will be estimated based upon the actual amount of Property Taxes for the immediately preceding calendar year. Any Property Taxes paid at or prior to Closing for the year in which Closing occurs shall be prorated based upon the amounts actually paid. If Property Taxes for the current year have not been paid before Closing, Seller shall be charged at Closing an amount equal to that portion of such Property Taxes which relates to the period before Closing and Buyer shall pay the Property Taxes for the year in which Closing occurs prior to their becoming delinquent. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. If the Land does not comprise a single tax parcel for the year of Closing, then the Property Taxes attributable to such tax parcel for the year of Closing shall be allocated between the Land and the other portions of such tax parcel on the basis of the percentages which the gross surface areas of the Land and such other portions of such tax parcel represent of the total gross surface area of such tax parcel. If the Land does not comprise a single tax parcel for the year of Closing, and all Property Taxes attributable to such tax parcel shall not have been paid in full at or prior to the Closing, each of Seller and Buyer shall be obligated to deposit in escrow with the Title Company at Closing an amount equal to the Property Taxes estimated to be due with respect to their respective portions of such tax parcel for the entire year of Closing, which amounts will be held by Title Company pursuant to an escrow agreement in a form reasonably acceptable to Seller and Buyer.

14.2 Rollback Taxes. Notwithstanding anything to the contrary contained herein, if all or part of the Land has been assessed for Property Tax purposes at a value that will cause "roll-back" taxes to be due upon the changes in land usage or ownership of all or part of the Land ("**Rollback Taxes**"), Buyer will be responsible for 100% of the Rollback Taxes after Closing.

14.3 Preliminary Adjustment. Ad valorem taxes relating to the Land for the calendar year in which the Closing shall occur, shall be prorated based upon the best available estimates of the amount of taxes that will be due and payable. As soon as the amount of taxes and assessments on the Land for such year is known, Seller and Buyer shall readjust the amount of taxes and assessments to be paid by each Party, and any such payment shall be made within ten (10) days after notification by either party that such adjustment is necessary. To the extent that the Land is not a separately assessed tax parcel at Closing, the parties agree to cooperate and use good faith efforts to have the Land established as a separately assessed tax parcel.

The adjustment rights and obligation provisions of this Section 14 shall survive Closing for a period of one year.

15. Default. On the failure of Buyer to perform under this Agreement for any reason other than a Seller default hereunder or failure of a condition precedent, Seller shall be entitled as its sole and exclusive remedy to terminate this Agreement and retain all Earnest Money, as liquidated damages for such default and not as a penalty, in which event the Parties shall be released herefrom and have no further rights, obligations, or responsibilities hereunder. THE PARTIES ACKNOWLEDGE THAT THE ACTUAL AMOUNT OF THE DAMAGES WHICH SELLER WOULD SUSTAIN AS A RESULT OF BUYER'S BREACH OF THIS AGREEMENT ARE DIFFICULT OR IMPOSSIBLE TO ESTIMATE AND THAT THE PAYMENT OF EARNEST MONEY TO SELLER REPRESENTS THE PARTIES' BEST ESTIMATE OF SELLER'S DAMAGES IN THE EVENT OF SUCH BREACH AND IS NOT TO BE CONSTRUED AS A PENALTY OR FORFEITURE. THE SAID STIPULATED SUM IS A REASONABLE PRE-ESTIMATE OF THE PROBABLE LOSS RESULTING FROM SUCH A BREACH. However, nothing herein will preclude Seller from contesting Buyer's declaration of Seller's default or any counterclaims for Buyer's default. In the event of Seller's default hereunder or Seller's failure to perform under this Agreement for any reason, or breach of any of its obligations, covenants, agreements, representations or warranties hereunder, Buyer, as its sole and exclusive remedy, shall be entitled to terminate this Agreement and recover the Earnest Money and Seller shall promptly reimburse Buyer and Buyer shall be entitled to recover all of Buyer's out-of-pocket costs and expenses suffered or incurred in connection with the this Agreement, the Property, and the Land Use Matters including, but not limited to Buyer's attorney's fees, inspection fees (including any environmental site assessment performed), studies, examinations, engineering costs, and diligence pertaining thereto, but not to exceed the total sum of \$500,000.00 U.S. Notwithstanding the above, if Seller's default is a failure or refusal to close (or if Seller has encumbered the Property other than as may be specifically permitted by this Agreement), Seller shall pay to Buyer, in addition to refunding the Earnest Money and reimbursing Seller for all of its out-of-pocket expenses and fees, the sum of One Million Dollars (\$1,000,000). No delay or omission in the exercise of any right or remedy will impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The foregoing limitation of remedies does not apply to breach or default by Seller or Buyer of any agreement or obligation to be performed by Seller or Buyer after the Closing or breach of Seller's or Buyer's representations, warranties and covenants discovered after the Closing, for which breach or default Buyer or Seller shall have and be entitled to enforce all rights and remedies at law or in equity. WITHOUT LIMITING ANY OF THE PARTIES' RESPECTIVE INDEMNIFICATION OBLIGATIONS HEREUNDER, THE FOREGOING PROVISIONS OF THIS SECTION 15 SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO BUYER FOR ANY DEFAULT HEREUNDER BY SELLER AND SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER FOR ANY DEFAULT HEREUNDER BY BUYER. Notwithstanding any provision in this Agreement to the contrary, it is agreed and understood that in the event of a default under this Agreement by either Party (the "Defaulting Party") the other Party (the "Non-Defaulting Party") will not exercise any of such Non-Defaulting Party's rights or remedies until and unless the Non-Defaulting Party has provided to the Defaulting Party a written notice of the default or defaults of the Defaulting Party (the "Default Notice") and the Defaulting Party has failed to cure the default or defaults specified

in the Default Notice within three (3) days after the date of the Non-Defaulting Party's delivery of the Default Notice to the Defaulting Party.

16. Real Estate Commission Seller and Buyer each represent and warrant to the other that no real estate agent or broker was involved in negotiating the transaction contemplated herein except for Drake Commercial Group ("Buyer's Broker") and Mark Olguin ("Seller's Broker"). Buyer shall pay a real estate brokerage commission to Buyer's Broker and Seller's Broker as set forth in a separate agreement. Buyer's Broker represents Buyer only and Seller's Broker represents Seller only. Seller shall indemnify, defend, protect, and hold Buyer harmless for, from, and against any and all claims incurred by Buyer by reason of any breach or inaccuracy of the representation, warranty, and agreement of Seller contained in this Section. Buyer shall indemnify, defend, protect, and hold Seller harmless from and against any and all claims incurred by Seller by reason of any breach or inaccuracy of the representation, warranty, and agreement of Buyer contained in this Section. The provisions of this Section shall survive the Closing or any termination of this Agreement.

17. Survival. Those certain terms, representations, covenants, warranties, and conditions of Buyer and Seller set forth in this Agreement which expressly survive closing shall survive and continue in full force and effect and shall be enforceable after the Closing.

18. Closing Costs. Notwithstanding anything to the contrary contained herein, the Closing costs shall be paid as follows:

18.1 By Seller:

- (a) one-half (1/2) of the escrow fee,
- (b) the recording fees for the Deed, Memorandum of Development Agreement, Memorandum of Additional Purchase Price Agreement;
- (c) the Survey; and
- (d) Seller's attorney's fees.

18.2 By Buyer:

- (a) all other recording fees;
- (b) one-half (1/2) of the escrow fee;
- (c) any engineering reports, environmental reports, appraisals, or other reports or studies required by Buyer;
- (d) the premiums for the Owner's Title Policy including the survey deletion and modifications and endorsements requested by Buyer; and
- (e) Buyer's attorney's fees.

All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in the county in which the Land is situated.

19. Mediation. Buyer and Seller agree that, prior to the institution of any litigation over any disputes or controversy on claims between Buyer and Seller over a provision of this Agreement (the "Dispute"), the Party alleging the Dispute (the "Plaintiff") will submit such claim to non-binding mediation. The Plaintiff shall notify, in writing, the entity against whom such mediation is sought (the "Defendant(s)"), describe the nature of such claim, the provision of this Agreement, which has been violated by the Defendant(s) and the material facts surrounding such claim. If the Parties are unable to agree on a mediator within ten (10) days notice of the Dispute, each Party shall submit to the other Party within the succeeding ten (10) days a list of ten (10) persons qualified to perform mediations in the Georgetown, Texas metropolitan area, in order of preference, and the first name appearing on both lists shall be the mediator. If no common name appears on the list, the Parties shall petition the chief administrative judge for the district courts in Williamson County, Texas to appoint one (1) mediator. The cost of the mediator shall be borne equally by all Parties. Within thirty (30) days of the appointment of the foregoing described mediator, the Plaintiff and the Defendant shall hold a mediation hearing before such mediator at such time and place as the Plaintiff and Defendant may agree [or, in the absences of their agreement, as designated by the mediator]. At such mediation hearing, the Alternative Dispute Resolution provisions of the Revised Civil Statutes of Texas shall apply, but the finding of the mediator shall be non-binding.

20. Risk of Loss; Condemnation. All risk of loss or damage to the Property from fire or other casualty shall remain with Seller until the Closing Date. If prior to Closing the Property is damaged by fire or other casualty or in the event of any waste, deterioration or destruction of the Property, Seller shall promptly estimate the cost to repair and the time required to complete repairs and will provide Buyer written notice of Seller's estimation (the "Casualty Notice") as soon as reasonably possible after the occurrence of the casualty, waste, deterioration or destruction. Buyer may, at its option, terminate this Agreement by delivering written notice to the Seller on or before the expiration of five (5) days after the date Seller delivers the Casualty Notice to Buyer. If Buyer fails to notify Seller of its election to terminate the Property within said five (5) day period, Buyer will be deemed to have elected to terminate this Agreement. Upon any such termination, the Earnest Money shall be returned to Buyer and the parties hereto shall have no further rights or obligations hereunder, other than those that by their terms survive the termination of this Agreement. In the event Buyer elects not to terminate this Agreement, Seller shall, at its option, either (i) repair the damage before the Closing in a manner reasonably satisfactory to Buyer, or (ii) assign to Buyer at Closing all insurance proceeds from Seller's casualty insurance attributable to such casualty and credit Buyer at Closing the amount of any additional repair costs as estimated by an independent consultant, and after Closing, Seller shall aid and cooperate with Buyer in securing the proceeds of such insurance policies. If prior to Closing any portion of the Land is condemned or taken by eminent domain by any authority or a notice of a taking is delivered by a condemning authority affecting any portion of the Land (a "Condemnation"), then Buyer shall have the right to terminate this Agreement and receive back the Earnest Money. If Buyer shall not so elect within thirty (30) days of receipt of written notice of a Condemnation from Seller to Buyer, this Agreement shall remain in full force and effect, and Seller shall assign or pay to Buyer at Closing, all of Seller's right, title and interest in and to any condemnation award or damages of any kind to which Seller may have been become entitled

with respect to any taking of the Property or any portion thereof or deliver such awards and damages to Buyer if they have already been obtained by Seller. Buyer shall have the sole right after the Closing to negotiate and otherwise deal with the condemning authority in respect of such matter. If, after Closing, Seller shall receive any condemnation award, Seller immediately shall pay the same to Buyer. Seller shall not enter into any condemnation settlement prior to Closing without the written consent of Buyer.

21. Entire Agreement. This written Agreement constitutes the entire and complete agreement between the Parties hereto concerning the Land and any other matter covered by this Agreement. It is expressly understood that there are no verbal understandings or agreements which may change the terms, covenants, and conditions herein set forth, and that no modification of this Agreement and no waiver of any of the terms and conditions shall be effective unless made in writing and duly executed by the Seller and Buyer.

22. Binding Effect. All covenants, agreements, representations, warranties and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

23. Controlling Law; Venue. This Agreement has been made and entered into under the laws of the State of Texas, and said laws shall control the interpretation thereof. Venue under this Agreement is in Williamson County, Texas.

24. Time. Time is of the essence of this Agreement; however, if the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday, or legal holiday under the laws of the United States or the State of Texas, then, in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday, or legal holiday. "Business Day" is defined herein as any day that does not fall on a Saturday, Sunday, or state or federal legal holiday.

25. Assignment. Buyer shall have the right to assign its rights and obligations under this Agreement to: (a) any entity which is an Affiliate of Buyer or the Crown family; or (b) any entity which is under common ownership and control with Buyer or an Affiliate of Buyer including the Crown family. For purposes of this Agreement, the term "Affiliate" means any entity owned by, controlled by, or with an interest owned by Buyer. All assignments are conditioned on the following: (i) the assignee shall be bound by all approvals and waivers, actual and deemed, by Buyer prior to the assignment and shall assume in writing all of Buyer's obligations hereunder, (ii) no such assignment shall relieve the Buyer named herein from any obligation, duty, or liability under this Agreement, and (iii) written notice shall be sent to Seller not later than two (2) days prior to Closing Date setting forth the assignee, its address, and a copy of the signed assignment with assumption. Seller may not assign its interest in this Agreement without the prior written consent of Buyer, which consent Buyer may withhold in Buyer's sole and absolute discretion. Any attempt by Seller to assign this Agreement without the prior written consent of Buyer will be of no effect and will be an event of default hereunder.

26. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be sent by either hand delivery, a recognized overnight courier, or e-mail with confirmed receipt and forwarded on the date of transmission by another



means of delivery, or mailed by certified or registered mail, postage prepaid, or overnight carrier, addressed, or faxed (or by other electronic means) as follows:

**Seller:** Mr. A. Bradford Galo  
Laredo WO, Ltd.  
1175 W. Bitters, Suite 100  
San Antonio, TX 78216  
Telephone: (210) 497-3385  
Facsimile: (210) 495-2587  
Email: bradg@galoproperties.com

**With a Copy To:** Ms. Kelly Climer  
Galo Properties  
1175 W. Bitters, Suite 100  
San Antonio, TX 78216  
Telephone: (210) 497-3385  
Facsimile: (210) 495-2587  
Email: kellyc@galoproperties.com

**With a Copy To:** Mr. Ronald W. Hagauer  
Attorney at Law  
1602 N. Loop 1604 W., Suite LL-102  
San Antonio, TX 78248  
Telephone: (210) 479-3231  
Facsimile: (210) 479-3232  
Email: ron@hagauer.net

**Buyer:** Mr. Randy Rollo  
WRR Interest, LLC  
4807 Spicewood Springs Road, Suite B-104  
Austin, TX 78759  
Telephone: (512) 750-0896  
Facsimile:  
Email: RandyRollo@gmail.com

**With a Copy To:** Watson Law Group, PLLC  
Attn: Monty Watson  
4925 Greenville Avenue  
Floor 7, Suite 717  
Dallas, Texas 75206  
Telephone: (214) 810-5914  
Facsimile: (214) 550-2646  
Email: monty@mmwatson.com

or in each case to such other address or e-mail address as either Party may from time to time designate by giving notice in writing to the other Party. All notices shall be deemed delivered

and received (a) two (2) Business Days after deposit in the mail if sent by certified mail; (b) one (1) Business Day after deposit if sent by overnight carrier; or (c) on the date of transmission if sent by electronic mail or hand delivery and received by 5:00 p.m. CDT.

27. FIRPTA Withholding Tax. Seller represents and warrants that it is not a foreign corporation, foreign partnership, foreign trust, or foreign estate as those terms are defined in the Internal Revenue Code and regulations issued thereunder, and Seller agrees to execute, acknowledge, and deliver to Buyer at Closing a certification of non-foreign status and any form as may be required by the Internal Revenue Code of the regulations issued thereunder.

28. Counterparts; Signatures. This Agreement may be executed in as many counterparts as may be required and it shall be sufficient that signature of each Party appear on one or more of such counterparts. All counterparts shall collectively constitute a single agreement. A facsimile signature or signature sent by electronic mail shall have the same force and effect as an original signature.

29. Mutual Waiver of Certain Types of Damages. Buyer and Seller agree to and do hereby waive and relinquish any and all rights to assert, claim or be awarded consequential, exemplary or punitive damages against any other Party hereto or any of such Party's officers, directors, partners, trustees, agents, employees, or representatives in connection with any cause of action arising out of this Agreement or the Property.

30. Waiver of Consumer Rights. Buyer and Seller have knowledge and experience in financial and business matters that enable them to evaluate the merit and risks of the transaction contemplated hereby. Buyer and Seller are not in disparate bargaining positions vis-à-vis one another and, with respect to any matters pertaining to this Agreement and the transaction contemplated hereby, BUYER AND SELLER HEREBY WAIVE, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS, BENEFITS AND REMEDIES UNDER THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT SET FORTH IN SECTION 17.41 ET SEQ. OF THE TEXAS BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. THE FOREGOING WAIVER HAS BEEN MADE AND CONSENTED TO VOLUNTARILY BY BUYER AND SELLER AFTER THEIR CONSULTATION WITH ATTORNEYS OF THEIR OWN SELECTION.

31. Further Assurances. Seller and Buyer each agree to do, execute, acknowledge and deliver all such further reasonable acts, instruments, and assurances, and to take all such further reasonable action before or after the Closing as shall be necessary or desirable to fully carry out this Agreement and to fully consummate and effect the transactions contemplated hereby.

32. No Third Party Benefits. This Agreement is for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns, and no third party is intended to or shall have any rights hereunder.

33. Severability. If any provision or provisions in this Agreement is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such

portion, provision, or provisions of this Agreement to be illegal, invalid, unlawful, void, or unenforceable as written, then it is the intent both of Seller and Buyer that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable that the remainder of this Agreement shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Buyer and Seller under the remainder of this Agreement shall continue in full force and effect.

34. Attorney's Fees. If either party shall be required to employ an attorney with respect to the Property, this Agreement, the performance of their respective obligations hereunder and/or the effect of a termination under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and cost of suit.

35. Disclosures. Buyer is hereby provided the following notices required by law, or otherwise:

35.1 Notice Regarding Title. The Texas Real Estate License Act requires a real estate agent to advise Buyer that he should have an attorney examine an abstract of title to the Property being purchased; or a title insurance policy should be obtained. Notice to that effect is hereby given to Buyer.

35.2 Notice Regarding Possible Liability for Additional Taxes (Texas Property Code-Section 5.010). If for the current ad valorem tax year the taxable value of the Property that is the subject of this Agreement is determined by a special appraisal method that allows for appraisal of the Property at less than its market value, the person to whom the Property is transferred may not be allowed to qualify the Property for that special appraisal in a subsequent tax year and the Property may then be appraised at its full market value. In addition, the transfer of the Property or a subsequent change in the use of the Property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in the use of the Property. The taxable value of the Property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the Property is located.

35.3 Annexation Disclosures. If the Property that is the subject of this Agreement is located outside the limits of a municipality, 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.

35.4 Notice of Water and Sewer Service. Pursuant to Section 13.257 of the Texas Water Code, Seller provides Buyer with the following notice: "The Property that you are about to purchase is located in the water service area of City of Georgetown and sewer service area of City of Georgetown, which is the utility service provider authorized by law to provide water or sewer service to your property. No other retail public utility is authorized to provide

water or sewer service to your property.” 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 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 the notice or at closing of purchase of the real property. At the Closing, Buyer agrees to execute a separate copy of the foregoing notice with current information, in a form required by Section 13.257 of the Texas Water Code, to be subsequently recorded in the real property records of the county in which the Property is located.

35.5 Utility District. Buyer agrees that if the Property is situated in any utility district, Buyer will sign and acknowledge at or prior to the Closing, a statutory notice as required under Section 50.301 of the Texas Water Code.

35.6 Notice Regarding Unimproved Property Located in a Certificated Service Area. If the Property is unimproved and is located in a certificated service area of a utility service, then Seller shall give to Buyer a written notice in compliance with §13.257 of the Texas Water Code, and Buyer agrees to acknowledge receipt of the notice in writing. The notice must set forth the correct name of utility service provider authorized by law to provide water or sewer service to the Property, and must comply with all other applicable requirements of the Texas Water Code.

35.7 Williamson County Municipal Utility District No. 25. Seller hereby notifies Buyer that a portion of the Land is located within the boundaries of Williamson County Municipal Utility District No. 25. Buyer understands and acknowledges that the Land will be conveyed at Closing subject to assessments and assessment liens in favor of Williamson County Municipal Utility District No. 25 and Buyer acknowledges receipt of notice regarding such assessments and assessment liens as set forth on the Notice to Purchasers, which is attached hereto as Exhibit E. The Notice to Purchasers will be executed and delivered at Closing by Seller and Buyer and recorded in the Real Property Records of Williamson County, Texas.

35.8 Jury Trial. EACH OF SELLER AND BUYER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION ARISING OUT OF MATTERS RELATED TO THIS AGREEMENT, WHICH WAIVER IS INFORMED AND VOLUNTARY.

35.9 Parcel to be Acquired by Seller. Buyer acknowledges that Seller does not presently own that certain parcel of land that lies within and comprises a portion of the Land that are described on Exhibit F attached hereto (the “Out Parcel”). Seller agrees, as a condition of Buyer’s obligation to consummate this transaction, that Seller will obtain title to such parcels at or prior to Closing and convey such parcels as portions of the Land to Buyer at Closing. Seller’s failure to convey the Out Parcel at Closing will be an event of default hereunder.

36. Confidentiality. Seller and Crown Community Development have previously entered into that Confidentiality Agreement dated as of July 20, 2016 (the “Confidentiality Agreement”). Buyer acknowledges that it is affiliated with Crown Community Development

and agrees to be bound by the terms of the Confidentiality Agreement. Buyer shall maintain the confidentiality of Seller's proprietary and confidential information set forth on Schedule 1 attached hereto (the "Confidential Information"), and shall not, without Seller's prior written consent, disclose any of such Confidential Information to any other person or use any of such information for any purpose other than as contemplated herein. Notwithstanding the foregoing, Buyer may disclose any of such Confidential Information (i) to its prospective investors, partners and lenders and its officers, directors, employees, agents, attorneys, accountants, architects, environmental auditors, engineers, zoning professionals, consultants and other professionals to whom such disclosure is reasonably necessary for the evaluation and consummation of the transactions contemplated hereby, provided that each such person agrees to maintain such information in a confidential manner, (ii) when requested or required by law, regulation, or any court of competent jurisdiction, including bankruptcy laws, provided that any such Buyer first notifies the Seller of such request or requirement so that Seller may seek a protective order or other appropriate remedy, (iii) if it is or hereafter becomes lawfully obtainable from other sources or is in the public domain; or (iv) to the extent such duty as to confidentiality is waived in writing by Seller. Additionally, Buyer shall have the right without Seller's consent to make disclosures to applicable government authorities as are necessary or appropriate in connection with the Land Use Matters and to verify the other entitlements. This Section 36 shall survive the Closing or any termination of this Agreement.

37. Offer to Expire. This Agreement shall constitute an offer submitted by Seller to Buyer, which offer shall automatically expire and be automatically withdrawn if this Agreement is not executed by Buyer and delivered to Seller on or before 5:00 P.M., C.S.T., on September 25, 2016.

38. Interpretation.

38.1 The headings and captions herein are inserted for convenient reference only and the same shall not limit or construe the paragraphs or Sections to which they apply or otherwise affect the interpretation hereof.

38.2 The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms shall refer to this Agreement, the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Agreement.

38.3 Words of the masculine, feminine, or neuter gender shall mean and include the correlative words of other genders, and words importing the singular number shall mean and include the plural number and vice versa.

38.4 Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, and other legal entities, including public bodies, as well as natural persons.

38.5 The terms "include," "including," and similar terms shall be construed as if followed by the phrase "without being limited to."

38.6 This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that this Agreement has been prepared primarily by counsel for one of the Parties hereto, it being recognized that both Seller and Buyer (and their respective counsels) have contributed substantially and materially to the preparation of this Agreement.

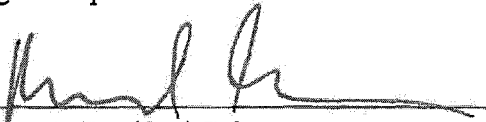
[next page is solely for signatures]

**SELLER:**

**LAREDO WO, LTD.,**  
a Texas limited partnership

By: **ABG ENTERPRISES, LTD.,**  
a Texas limited partnership,  
its general partner

By: **GALO, INC.,**  
a Texas corporation,  
its general partner

By:   
A. Bradford Galo  
CEO

**BUYER:**

**WRR INTEREST, LLC,** a Texas limited liability company

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

**SELLER:**

**LAREDO WO, LTD.,**  
a Texas limited partnership

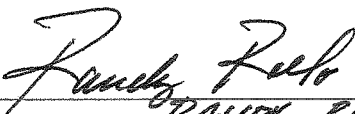
By: **ABG ENTERPRISES, LTD.,**  
a Texas limited partnership,  
its general partner

By: **GALO, INC.,**  
a Texas corporation,  
its general partner

By: \_\_\_\_\_  
A. Bradford Galo  
CEO

**BUYER:**

**WRR INTEREST, LLC,** a Texas limited liability company

By:   
Name: DANITH ROLLO  
Title: MANAGER.

LIST OF EXHIBITS AND SCHEDULES

- Exhibit A- Metes and Bounds Description of the Land
- Exhibit A-1- Depiction of the Land and Water Oak North
- Exhibit B- Form of Deed
- Exhibit C- Form of Additional Purchase Price Agreement
- Exhibit D- Form of Bill of Sale
- Exhibit E- Form of Notice to Purchasers
- Exhibit F- Description of Out Parcel to be Acquired by Seller
  
- Schedule 1- Seller's Confidential Information



Receipt of this Purchase and Sale Agreement signed by Seller and Buyer is acknowledged this \_\_\_\_\_ day of September, 2016. Title Company certifies that it has received and understands this Agreement and hereby accepts the obligations of the Title Company as set forth herein, including, without limitation, its agreement to hold the Earnest Money and dispose of same in accordance with the terms and provisions of this Agreement. In addition, the Title Company hereby agrees and commits to deliver one (1) fully executed counterpart of this Agreement (or a copy thereof originally executed by the Title Company) to the Buyer and Seller, respectively, at the appropriate addresses as set forth in Section 26 of this Agreement.

**CHICAGO TITLE OF TEXAS, LLC**

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

Receipt of Earnest Money in the amount of TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00 U.S.) is hereby acknowledged this \_\_\_\_\_ day of September, 2016.

**CHICAGO TITLE OF TEXAS, LLC**

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

**NOTICE TO TITLE COMPANY:** Upon receipt, please deliver dated and executed copies of this Agreement to the Parties at their respective notice addresses set forth in Section 26 of this Agreement.

**EXHIBIT A**  
**METES AND BOUNDS DESCRIPTION OF THE LAND**

County: Williamson  
Project: Water Oak South  
Job No.: A1  
MBS No.: 16-186

### FIELD NOTES FOR 1,060.018 ACRES

Being a tract containing 1,060.018 acres of land located in the I. Donagan Survey, Abstract Number 178, the J. Thompson Survey, Abstract Number 608, the Key West Irrigation Survey, Abstract Number 711, the I.&G.N. R.R. Survey, Abstract number 744, the J.D. Johns Survey, Abstract Number 365, the W.E. Pate Survey, Abstract Number 836, the D. Medlock Survey, Abstract Number 839, in Williamson County, Texas; Said 1,060.018 acre tract being a call 195.193 acre tract of land recorded in the name of Loredó Wo, Ltd. in Williamson County Clerk's File (W.C.C.F.) Number 2007014280, a call 71.001 acre tract of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2007014281, call 77.399 acre, 44.314 acre, and 203.137 acre tracts of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2007014282, call 330.24 acre and 15.56 acre tracts of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2007014285, a call 0.368 acre tract of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2008039394, and a call 6.190 acre tract of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2009022803, and a portion of a call 192.314 acre tract of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2007014289, a call 324.00 acre tract of land recorded in the name of Loredó Wo, Ltd. in W.C.C.F. Number 2007014278 and a call 77.930 acre tract of land recorded in the name of the Grady and Rose Barton Real Estate, LP in W.C.C.F. Number 2008085977; Said 1,060.018 acres being more particularly described by metes and bounds descriptions as follows (bearings are referenced to the Texas Coordinate System, NAD 1983, Central Zone):

**Beginning** at a 1/2-inch iron rod found at the southwesterly corner of said 6.190 acre tract, the southeasterly corner of a call 47.420 acre tract of land recorded in the name of Georgetown Properties II, LLC in W.C.C.F. Number 2012043969 and the northerly Right-of-Way (R.O.W.) line of F.M. 2243 (80-foot width);

Thence, with the easterly line of said 47.420 acre tract, the following sixteen (16) courses:

1. North 28 degrees 25 minutes 04 seconds East, a distance of 160.70 feet to a 1/2-inch iron rod found;
2. 155.33 feet along the arc of a curve to the left, said curve having a central angle of 16 degrees 06 minutes 30 seconds, a radius of 552.50 feet and a chord which bears North 18 degrees 24 minutes 54 seconds West, a distance of 154.82 feet to a 1/2-inch iron rod found;
3. North 26 degrees 28 minutes 10 seconds West, a distance of 157.44 feet to a 1/2-inch iron rod found;

4. 38.91 feet along the arc of a curve to the left, said curve having a central angle of 89 degrees 10 minutes 31 seconds, a radius of 25.00 feet and a chord which bears North 71 degrees 03 minutes 54 seconds West, a distance of 35.10 feet to a 1/2-inch iron rod set;
5. North 27 degrees 14 minutes 19 second West, a distance of 65.03 feet to a 1/2-iron rod set;
6. 39.79 feet along the arc of a curve to the left, said curve having a central angle of 91 degrees 11 minutes 17 seconds, a radius of 25.00 feet and a chord which bears North 19 degrees 07 minutes 36 seconds East, a distance of 35.72 feet to a 1/2-inch iron rod set;
7. North 26 degrees 28 minutes 10 seconds West, a distance of 150.25 feet to a 1/2-inch iron rod set;
8. 674.40 feet along the arc of a curve to the right, said curve having a central angle of 45 degrees 58 minutes 22 seconds, a radius of 840.50 feet and a chord which bears North 03 degrees 28 minutes 59 seconds West, a distance of 656.45 feet to a 1/2-inch iron rod set;
9. 203.98 feet along the arc of a curve to the left, said curve having a central angle of 22 degrees 04 minutes 18 seconds, a radius of 529.52 feet and a chord which bears South 77 degrees 26 minutes 54 seconds West, a distance of 202.72 feet to a 1/2-inch iron rod set;
10. North 32 degrees 58 minutes 10 seconds West, a distance of 44.22 feet to a 1/2-iron rod set;
11. North 34 degrees 39 minutes 43 seconds West, a distance of 239.78 feet to a 1/2-inch iron rod found;
12. North 55 degrees 20 minutes 17 seconds East, a distance of 450.00 feet, from which a 1/2-inch iron rod found, bears South 61 degrees East a distance of 0.49 feet;
13. North 34 degrees 39 minutes 43 seconds West, a distance of 97.07 feet to a 1/2-inch iron rod set;
14. 124.70 feet along the arc of a curve to the left, said curve having a central angle of 119 degrees 05 minutes 02 seconds, a radius of 60.00 feet and a chord which bears North 24 degrees 52 minutes 55 seconds East, a distance of 103.44 feet, from which a 1/2-inch iron rod found, bears South 68 degrees East, a distance of 0.55 feet;
15. North 55 degrees 20 minutes 17 seconds East, a distance of 120.00 feet to a 1/2-inch iron rod found;

16. North 34 degrees 39 minutes 43 seconds West, a distance of 126.11 feet to an easterly line of The Preserve Phase 1, a subdivision recorded in Cabinet EE, Slide Number 310-316 of the Williamson County Plat Records (W.C.P.R.), from which a 1/2-inch iron rod found, bears South 67 degrees East, a distance of 0.66 feet;

Thence, with the easterly line of said The Preserve Phase 1, the following twelve (12) courses:

1. North 80 degrees 20 minutes 05 seconds East, a distance of 307.48 feet to a 1/2-inch iron rod set;
2. North 23 degrees 41 minutes 11 seconds West, a distance of 279.38 feet to a 1/2-inch iron rod set;
3. 31.65 feet along the arc of a curve to the left, said curve having a central angle of 72 degrees 13 minutes 47 seconds, a radius of 25.11 feet and a chord which bears North 63 degrees 28 minutes 50 seconds West, a distance of 29.60 feet to a 1/2-inch iron rod set;
4. North 09 degrees 39 minutes 51 seconds West, a distance of 50.00 feet to a 1/2-inch iron rod set;
5. North 80 degrees 20 minutes 05 seconds East, a distance of 155.74 feet to a 1/2-inch iron rod found;
6. North 21 degrees 06 minutes 30 seconds West, a distance of 186.45 feet to a 1/2-inch iron rod set;
7. North 30 degrees 29 minutes 37 seconds West, a distance of 233.35 feet to a 1/2-inch iron rod found;
8. North 23 degrees 41 minutes 11 seconds West, a distance of 528.84 feet to a cotton spindle found;
9. South 66 degrees 44 minutes 24 seconds West, a distance of 125.00 feet to a 1/2-inch iron rod set;
10. North 23 degrees 41 minutes 11 seconds West, a distance of 409.01 feet to a 1/2-inch iron rod found;
11. North 68 degrees 45 minutes 39 seconds East, a distance of 108.54 feet to a 1/2-inch iron rod found;
12. North 21 degrees 14 minutes 21 seconds West, a distance of 714.47 feet to the easterly line of a call 60.5184 acre tract of land recorded in the name of AVP Ranch, Ltd. in W.C.C.F. Number 2011081794, from which a 1/2-inch iron rod found, bears North 27 degrees West, a distance of 0.68 feet;

Thence, with said easterly line, North 14 degrees 11 minutes 42 seconds East, a distance of 1,508.94 feet to a 1/2-inch iron rod set at the southwesterly corner of a call 192.314 acre tract of land recorded in the name of Loredo Wo, Ltd. in W.C.C.F. Number 2007014289;

Thence, with the southerly line of said 192.314 acre tract, the following ten (10) courses:

1. South 75 degrees 48 minutes 18 seconds East, a distance of 431.73 feet to a 1/2-inch iron rod found;
2. 326.94 feet along the arc of a curve to the right, said curve having a central angle of 32 degrees 24 minutes 32 seconds, a radius of 578.00 feet and a chord which bears South 59 degrees 36 minutes 01 seconds East, a distance of 322.60 feet to a 1/2-inch iron rod found;
3. South 43 degrees 23 minutes 44 seconds East, a distance of 1,170.13 feet to a 1/2-iron rod found;
4. 175.01 feet along the arc of a curve to the right, said curve having a central angle of 09 degrees 18 minutes 07 seconds, a radius of 1078.00 feet and a chord which bears North 55 degrees 24 minutes 17 seconds East, a distance of 174.82 feet to a 1/2-inch iron rod found;
5. North 60 degrees 03 minutes 21 seconds East, a distance of 538.21 feet, from which a 1/2-inch iron rod found, bears South 23 degrees West, a distance of 0.50 feet;
6. 839.65 feet along the arc of a curve to the left, said curve having a central angle of 52 degrees 10 minutes 41 seconds, a radius of 922.00 feet and a chord which bears North 33 degrees 58 minutes 00 seconds East, a distance of 810.93 feet to a 1/2-inch iron rod found;
7. North 07 degrees 52 minutes 40 seconds East, a distance of 108.32 feet to a 1/2-inch iron rod set;
8. 1,349.11 feet along the arc of a curve to the right, said curve having a central angle of 79 degrees 02 minutes 14 seconds, a radius of 978.00 feet and a chord which bears North 47 degrees 23 minutes 47 seconds East, a distance of 1,244.66 feet to a 1/2-inch iron rod found;
9. North 86 degrees 54 minutes 53 seconds East, a distance of 321.28 feet to a 1/2-inch iron rod found;
10. 75.24 feet along the arc of a curve to the right, said curve having a central angle of 03 degrees 59 minutes 50 seconds, a radius of 1078.00 feet and a chord which bears North 88 degrees 54 minutes 06 seconds East, a distance of 75.19 feet to a 1/2-inch iron rod set at the southeasterly corner of said 192.314 acre tract and the westerly line of aforesaid 203.137 acre tract;

Thence, with the easterly line of said 192.314 acre tract, the following two (2) courses:

1. North 22 degrees 05 minutes 52 seconds West, a distance of 1596.68 feet to a 1-inch iron pipe found;
2. North 22 degrees 18 minutes 08 seconds West, a distance of 624.71 feet to the northeasterly corner of said 192.314 acre tract, the northwesterly corner of aforesaid 324.00 acre tract, a southerly corner of aforesaid 192.314 acre tract, and the centerline of South San Gabriel River;

Thence, with said centerline, the following twenty three (23) courses:

1. North 68 degrees 45 minutes 26 seconds East, a distance of 19.55 feet;
2. North 42 degrees 00 minutes 28 seconds East, a distance of 92.06 feet;
3. North 08 degrees 43 minutes 54 seconds East, a distance of 114.17 feet;
4. North 45 degrees 51 minutes 07 seconds East, a distance of 247.22 feet;
5. North 44 degrees 32 minutes 33 seconds East, a distance of 305.45 feet;
6. North 52 degrees 23 minutes 46 seconds East, a distance of 165.22 feet;
7. North 47 degrees 09 minutes 36 seconds East, a distance of 54.90 feet;
8. North 74 degrees 59 minutes 42 seconds East, a distance of 168.54 feet;
9. North 65 degrees 24 minutes 01 second East, a distance of 243.76 feet;
10. North 70 degrees 45 minutes 01 second East, a distance of 249.36 feet;
11. North 64 degrees 39 minutes 25 seconds East, a distance of 207.59 feet;
12. North 67 degrees 44 minutes 39 seconds East, a distance of 376.93 feet;
13. North 54 degrees 59 minutes 45 seconds East, a distance of 336.05 feet;
14. North 81 degrees 17 minutes 52 seconds East, a distance of 77.51 feet;
15. South 82 degrees 21 minutes 20 seconds East, a distance of 124.53 feet;
16. South 71 degrees 30 minutes 39 seconds East, a distance of 95.03 feet;
17. South 50 degrees 13 minutes 17 seconds East, a distance of 123.29 feet;

18. South 12 degrees 05 minutes 01 second East, a distance of 68.37 feet;
19. South 62 degrees 36 minutes 10 seconds East, a distance of 68.70 feet;
20. South 74 degrees 53 minutes 24 seconds East, a distance of 83.25 feet;
21. South 61 degrees 46 minutes 56 seconds East, a distance of 120.69 feet;
22. South 48 degrees 05 minutes 28 seconds East, a distance of 477.76 feet;
23. South 79 degrees 23 minutes 05 seconds East, a distance of 940.53 feet;

Thence, leaving said centerline, with the westerly line of said 190.40 acre tract, the following seven (7) courses:

1. South 01 degrees 52 minutes 12 seconds East, a distance of 1026.81 feet to a 1/2-inch iron rod (1847 cap) found;
2. South 01 degrees 10 minutes 35 seconds East, a distance of 167.70 feet to a 1/2-inch iron rod found;
3. South 00 degrees 03 minutes 35 seconds West, a distance of 341.80 feet to a 1-inch iron pipe found;
4. South 06 degrees 25 minutes 15 seconds East, a distance of 359.37 feet to a 1/2-inch iron rod set;
5. South 01 degrees 45 minutes 07 seconds East, a distance of 480.85 feet to a 1/2-inch iron rod found;
6. South 02 degrees 48 minutes 39 seconds East, a distance of 258.38 feet to a nail found;
7. South 02 degrees 30 minutes 15 seconds East, a distance of 1139.73 feet to a 1/2-inch iron rod found at a northerly corner of a call 77.930 acre tract of land recorded in the name of The Grady and Rose Barton Real Estate, LP in W.C.C.F. Number 2008085977;

Thence, with the northerly line of said 77.930 acre tract, the following seven (7) courses:

1. South 68 degrees 13 minutes 42 seconds West, a distance of 128.79 feet to a cotton spindle found;
2. North 36 degrees 37 minutes 28 seconds West, a distance of 381.75 feet to a 1/2-inch iron rod found;



3. North 68 degrees 46 minutes 05 seconds West, a distance of 137.51 feet to a 1/2-inch iron rod found;
4. South 84 degrees 17 minutes 41 seconds West, a distance of 214.68 feet to a 1/2-inch iron rod found;
5. South 71 degrees 34 minutes 53 seconds West, a distance of 180.12 feet to a 1/2-inch iron rod found;
6. South 75 degrees 44 minutes 55 seconds West, a distance of 433.46 feet to a cotton spindle found;
7. South 80 degrees 42 minutes 01 seconds West, a distance of 377.54 feet to a 1/2-inch iron rod found;

Thence, through and across aforesaid 77.930 acre tract, 764.64 feet along the arc of a curve to the right, said curve having a central angle of 49 degrees 52 minutes 11 seconds, a radius of 878.50 feet and a chord which bears South 46 degrees 35 minutes 20 seconds East, a distance of 740.73 feet to a 1/2-inch iron rod set on the northerly line of aforesaid 195.193 acre tract;

Thence, with the northerly of said 77.930 acre tract, North 68 degrees 08 minutes 38 seconds East, a distance of 901.90 feet to a nail found at the northeasterly corner of said 195.193 acre tract;

Thence with the easterly line of said 195.193 acre tract, South 20 degrees 54 minutes 54 seconds East, a distance of 3791.46 feet to the northerly R.O.W. line of aforesaid F.M. 2243, from which a 1/2-inch iron rod found bears North 22 degrees East, a distance of 0.50 feet;

Thence, with said northerly R.O.W. line, the following five (5) courses:

1. South 69 degrees 01 minutes 48 seconds West, a distance of 1585.42 feet to a concrete monument found;
2. 849.64 feet along the arc of a curve to the right, said curve having a central angle of 17 degrees 14 minutes 00 seconds, a radius of 2824.79 feet and a chord which bears South 77 degrees 38 minutes 50 seconds West, a distance of 846.44 feet, from which a concrete monument found, bears North 28 degrees East, a distance of 0.50 feet;
3. South 86 degrees 15 minutes 50 seconds West, a distance of 563.49 feet to a 1/2-inch iron rod set;
4. 562.37 feet along the arc of a curve to the left, said curve having a central angle of 16 degrees 31 minutes 30 seconds, a radius of 1949.86 feet and a chord which bears South 78 degrees 00 minutes 05 seconds West, a distance of 560.42 feet, from which a concrete monument found, bears North 82 degrees East, a distance of 0.90 feet;

5. South 69 degrees 44 minutes 20 seconds West, a distance of 71.58 feet to a 1/2-inch iron rod (1847 cap) found at the southwesterly corner of aforesaid 71.001 acre tract;

Thence, leaving said R.O.W. line, with the westerly line of said 71.001 acre tract, North 10 degrees 42 minutes 53 seconds West, a distance of 2663.31 feet to the northerly line of the remainder of a call 93.60 acre tract of land recorded in the name of Arthur and Gordon Faubion in W.C.C.F. Number 2005043418, styled tract B, from which a cotton spindle found bears North 16 degrees East, a distance of 0.50 feet;

Thence, with said northerly line and the northerly of a call 93.60 acre tract of land recorded in the name of Arthur and Gordon Faubion in W.C.C.F. Number 2005043418, styled tract A, the following five (5) courses:

1. South 69 degrees 14 minutes 42 seconds West, a distance of 375.66 feet to a 1/2-inch iron rod set;
2. South 69 degrees 12 minutes 50 seconds West, a distance of 185.31 feet to a 1/2-inch iron rod set;
3. South 69 degrees 16 minutes 08 seconds West, a distance of 386.65 feet to 1/2-inch iron rod found;
4. South 69 degrees 43 minutes 16 seconds West, a distance of 277.23 feet to a 1/2-inch iron rod (1847 cap) found;
5. South 69 degrees 32 minutes 42 seconds West, a distance of 957.57 feet to a 1/2-iron rod (1847 cap) found at the northwesterly corner of aforesaid Tract A;

Thence, with the westerly line of said Tract A, the following three (3) courses:

1. South 21 degrees 20 minutes 43 seconds East, a distance of 854.12 feet to a 1/2-iron rod (1847 cap) found;
2. South 20 degrees 57 minutes 06 seconds East, a distance of 930.97 feet to a 1/2-inch iron rod found;
3. South 20 degrees 43 minutes 36 seconds East, a distance of 754.25 feet to the aforesaid northerly R.O.W. line of F.M. 2243, from which a 1/2-inch iron rod found, bears South 01 degree East, a distance of 0.39 feet;

Thence, with said northerly R.O.W. line, the following three (3) courses:

1. 63.33 feet along the arc of a curve to the right, said curve having a central angle of 00 degree 38 minutes 16 seconds, a radius of 5689.53 feet and a chord which bears South 78 degrees 04 minutes 28 seconds West, a distance of 63.33 feet to a 1/2-inch iron rod set;

2. South 79 degrees 37 minutes 29 seconds West, a distance of 2643.52 feet to a 1/2-inch iron rod found;
3. South 79 degrees 44 minutes 55 seconds West, a distance of 201.05 feet to the **Point of Beginning** and containing 1,069.428 acres of land.

**SAVE AND EXCEPT** 9.410 acres of land; said 9.410 acres being a portion of aforesaid 77.930 acre tract;

**Beginning** at a 1/2-inch iron rod found at the most westerly corner of said 9.410 acre tract, the northerly line of aforesaid 195.193 acre tract, and an easterly line of aforesaid 77.399 acre tract;

Thence, with the westerly line of said 9.410 acre tract, 837.65 feet along the arc of a curve to the right, said curve having a central angle of 34 degrees 46 minutes 41 seconds, a radius of 1380.00 feet and a chord which bears North 03 degrees 17 minutes 54 seconds East, a distance of 824.85 feet to a 1/2-inch iron rod found at the southerly corner of aforesaid 203.137 acre tract;

Thence, through and across said 77.930 acre tract, the following two (2) courses:

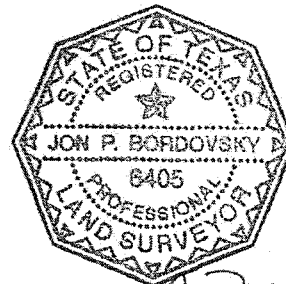
1. 231.13 feet along the arc of a curve to the left, said curve having a central angle of 12 degrees 16 minutes 44 seconds, a radius of 1078.50 feet and a chord which bears South 70 degrees 45 minutes 37 seconds East, a distance of 230.69 feet to a 1/2-inch iron rod set;
2. 696.23 feet along the arc of a curve to the right, said curve having a central angle of 55 degrees 17 minutes 21 seconds, a radius of 721.50 feet and a chord which bears South 49 degrees 15 minutes 19 seconds East, a distance of 669.53 feet to a 1/2-inch iron rod found on the northerly line of aforesaid 195.193 acre tract;

Thence, with said northerly line, the following two courses:

1. South 68 degrees 09 minutes 20 seconds West, a distance of 590.44 feet to a 1/2-inch iron rod (1847 cap) found;
2. South 67 degrees 58 minutes 56 seconds West, a distance of 242.14 feet to the Point of Beginning and containing 9.410 acres of land.

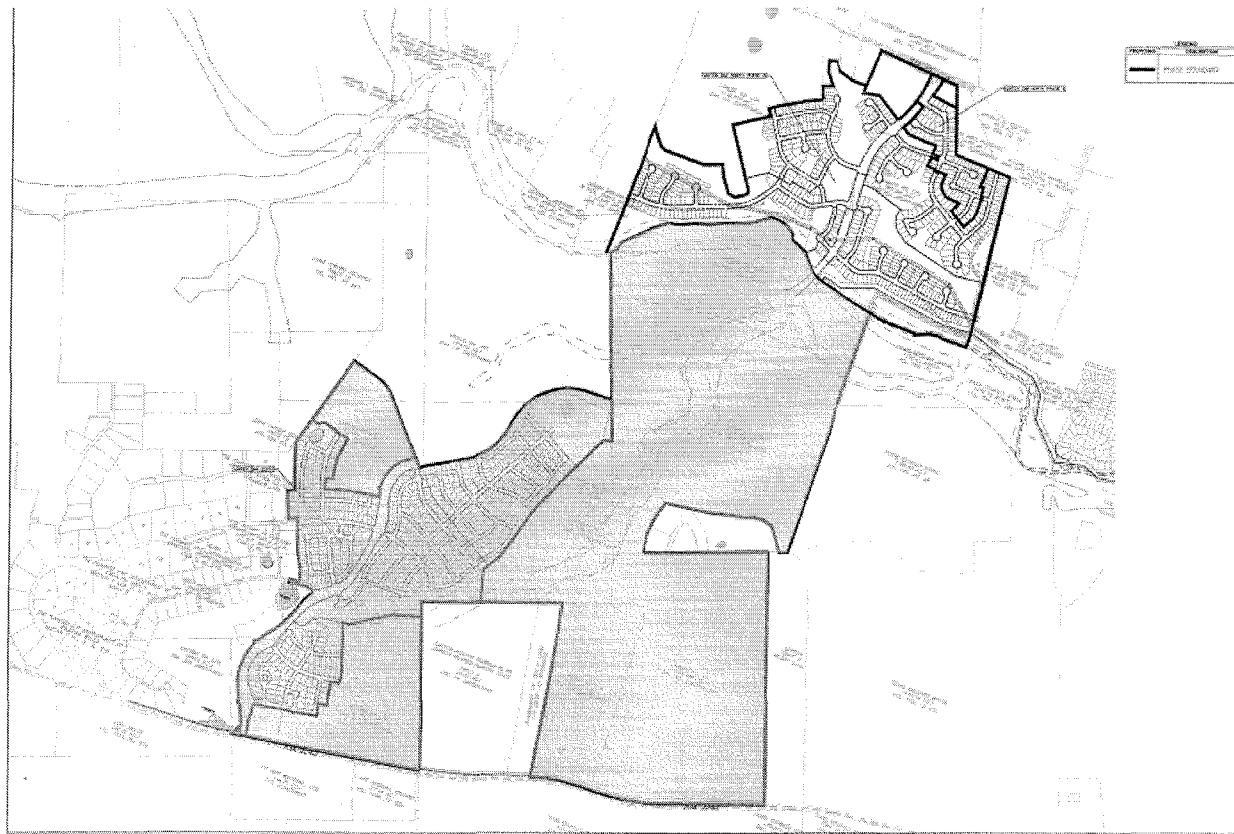
**A PLAT OF SURVEY OF EVENDATE WAS PREPARED IN CONNECTION WITH THIS DESCRIPTION AND IS FILED UNDER JOB NUMBER A-1 AT GBI PARTNERS, L.P.**

GBI Partners, L.P.  
Ph: 281.499.4539  
August 30, 2016



*J. Bordovsky*

**EXHIBIT A-1**  
**DEPICTION OF THE LAND AND WATER OAK NORTH**



**EXHIBIT B**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**SPECIAL WARRANTY DEED**

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

Grantor: Laredo WO, Ltd., a Texas limited partnership

Grantor's Mailing Address (including county):  
\_\_\_\_\_

Grantee: \_\_\_\_\_

Grantee's Mailing Address (including county):  
\_\_\_\_\_

Consideration:

Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Property (including any improvements):

The \_\_\_ acres in Williamson County, Texas more particularly described on Exhibit "A", which is attached hereto and incorporated herein by reference together with all improvements thereon and all rights and appurtenances pertaining thereto.

Reservations from and Exceptions to Conveyance and Warranty:

1. Standby fees, taxes and assessments by any taxing authority for the year 2016 and subsequent years which have been prorated as of the date hereof and assumed by Grantor.
2. Subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, the payment of which Grantee assumes.
3. The Reservations from and Exceptions to Conveyance and Warranty set

forth in Exhibit "B" attached hereto and incorporated herein.

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, GRANTS, SELLS, and CONVEYS to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee and Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's successors to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from and Exceptions to Conveyance and Warranty, when the claim is by, through, or under Grantor, but not otherwise.

THE SALE OF THE PROPERTY IS BEING MADE ON AN "AS IS, WHERE IS AND WITH ALL FAULTS" BASIS, AND GRANTEE EXPRESSLY ACKNOWLEDGES THAT (EXCEPT AS EXPRESSLY PROVIDED IN THAT CERTAIN PURCHASE AND SALE AGREEMENT DATED \_\_\_\_\_, 2016, BETWEEN WRR INTEREST, LLC, AS BUYER, AND LAREDO WO, LTD., AS SELLER) GRANTOR HAS NOT MADE, AND IS NOT MAKING, ANY WARRANTY OR REPRESENTATION OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, TITLE (OTHER THAN THE SPECIAL WARRANTY OF TITLE CONTAINED HEREIN), HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ABSENCE OF ENVIRONMENTAL VIOLATION OR OTHER DEFECT. GRANTEE ACKNOWLEDGES THAT THE FOREGOING DISCLAIMER IS AN INTEGRAL PART OF THIS TRANSACTION AND THAT GRANTOR WOULD NOT HAVE BEEN WILLING TO CONVEY THE PROPERTY TO GRANTEE FOR THE CONSIDERATION RECEIVED ABSENT SUCH DISCLAIMER.

For the same consideration, Grantor hereby GRANTS, SELLS, CONVEYS, ASSIGNS and DELIVERS to Grantee, without warranty or covenant express or implied (whether under Section 5.023 of the Texas Property Code or otherwise), all right, title and interest, if any, of Grantor, as owner of the Property but not as owner of any other property, in and to (i) strips or gores, if any, between the Property and abutting properties, (ii) any land lying in or under the bed of any street, alley, road or right-of-way, opened or proposed, abutting or adjacent to the Property, (iii) any easements, rights of way, rights of ingress and egress or other interests in, on, or to, any land, highway, street, road or avenue, open or proposed, in, on, across from, in front of, abutting, adjoining or otherwise appurtenant to the Property, as well as all other rights, privileges and appurtenances owned by Grantor and in any way related to the Property and other rights and interests of Grantor hereunder conveyed, but reserving and retaining unto Grantor, its successors and assigns the nonexclusive and coextensive right to the use and benefit of the same for the benefit of any other properties owned by Grantor to which such rights are appurtenant, and (iv) all oil, gas, hydrocarbons and minerals in, on, under or that may be produced from the Property.

EXECUTED AND DELIVERED on this the \_\_\_\_ day of \_\_\_\_\_, 2016.

**GRANTOR:**

LAREDO WO, LTD., a Texas limited partnership

By: ABG ENTERPRISES, LTD., a Texas limited partnership, its general partner

By: GALO, INC., a Texas corporation, its general partner

By: \_\_\_\_\_  
Name: A. Bradford Galo  
Title: Chief Executive Officer

STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON           §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2016, by **A. BRADFORD GALO**, as Chief Executive Officer of GALO, INC., a Texas corporation, as general partner of ABG ENTERPRISES, LTD., a Texas limited partnership, as general partner of LAREDO WO, LTD., a Texas limited partnership, on behalf of said limited partnership.

\_\_\_\_\_  
Notary Public, State Of Texas  
My Commission Expires:

\_\_\_\_\_  
Printed Name of Notary

EXHIBIT "A" TO SPECIAL WARRANTY DEED

Legal Description



EXHIBIT "B" TO SPECIAL WARRANTY DEED

Permitted Exceptions

***[NOTWITHSTANDING THE INCLUSION OF THIS LIST AS AN EXHIBIT TO THE DEED, BUYER SHALL HAVE THE RIGHT TO REVIEW, APPROVE OR DISAPPROVE ALL TITLE EXCEPTION MATTERS, IN BUYER'S SOLE DISCRETION, INCLUDING THOSE ITEMS ON THIS LIST, PURSUANT TO SECTION 5.3 OF THE AGREEMENT.]***

1. All terms, conditions, and provisions of that certain Development Agreement dated November 14, 2006, of record in Document No. 2007040905, Official Public Records of Williamson County, Texas, as amended in Document Nos. 2007054979, 2007054980, 2007100743, 2007100744, 2008004456, 2008004457, 2008006094, 2008007871, 2008050079, 2008085853, 2012005648 and 2012027844, Official Public Records of Williamson County, Texas.
2. All terms, conditions, and provisions of that certain Agreement regarding Williamson County Municipal Utility District 25 dated January 11, 2012, recorded in 2012006198, Official Public Records of Williamson County, Texas.
3. Williamson County Regional Habitat Conservation Plan Memorandum of Participation Agreement Relative to U.S. Fish and Wildlife Service Permit dated May 15, 2012, recorded in Document No. 2012043627, Official Public Records of Williamson County, Texas.
4. The inclusion of any of the foregoing title exceptions herein is not intended to impose any encumbrance on the Property under the terms of any of the foregoing title exceptions which do not, by their express terms, affect the Property.
5. (Any other exception approved by Buyer through the title review process set forth in Section 5.3 of the Agreement.)

**EXHIBIT C**

**FORM OF**

**ADDITIONAL PURCHASE PRICE AGREEMENT**

This Additional Purchase Price Agreement, entered into to be effective as of \_\_\_\_\_, 2016, is made by and between **LAREDO WO, LTD.**, a Texas limited partnership ("**LWO**") and **WRR INTEREST, LLC**, a Texas limited liability company ("**WRR**").

**Recitals:**

1. **Recitals and Definitions.** Each of the following recitals is represented and acknowledged by the parties to be true and correct. These recitals are incorporated herein as contractual provisions of this Agreement. In addition to terms defined in other portions of this Agreement, certain of the terms used herein are defined as follows:

Term	Definition
Additional Purchase Price	Consideration payable to LWO pursuant to the provisions of this Agreement in addition to the Base Purchase Price paid to LWO in connection with the sale of the Property under the terms of the PSA
Agreement or APPA	This Additional Purchase Price Agreement and all amendments hereto
Bond Proceeds	Monies payable by a MUD out of Bonds issued by the MUD
Development	Planning, design, construction, and marketing of real property
Development Loan	Financing for the acquisition and/or Development of the Property, any Lots, and all renewals, extensions and modifications thereof
WRR	WRR INTEREST, LLC, a Texas limited liability company, its successors and assigns
WRR Share of Net Bond Proceeds	Fifty percent (50%) of the Net Bond Proceeds until LWO receives \$10,800,000 in Net Bond Proceeds and then One Hundred Percent (100%) of the New Bond Proceeds
Lots	The portions of a Property that are divided to lay out a subdivision thereof
LWO	Laredo WO, Ltd., its successors and assigns
LWO Share of	Fifty percent (50%) of the Net Bond Proceeds, not to exceed \$10,800,000

Net Bond Proceeds	
MUD	Any district including but not limited to a municipal utility district as defined in Chapter 54 of the Texas Water Code, its successors, substitutes and assigns, with authority over any portion of the Property, including Williamson County Municipal Utility District No. 25
Net Bond Proceeds	With respect to the Property all of the Bond Proceeds payable to WRR or LWO, as a reimbursement of certain development costs to be described in a Development Financing Agreement between WRR and the MUD and the MUD 25 SSG Reimbursables, net of the direct expenses for the issuance of such Bonds
Notice	Any notice, communication, request, reply, or advice
Property	The real property defined as the "Property" in the PSA
PSA	The Purchase and Sale Agreement between WRR, as Buyer, and LWO, as Seller, dated _____, 2016, together with all amendments thereto.

Certain capitalized words or phrases used herein are not defined herein but are defined in the PSA. In such cases the capitalized word or term shall have the meaning given to it in the PSA. For convenience of the parties some of the definitions of terms in the PSA are repeated herein.

B. **Agreement of Sale and Purchase.** LWO and WRR entered into the PSA for the sale of the Property by LWO to WRR. The PSA is incorporated herein as part of this Agreement for all purposes.

C. **Additional Purchase Price.** Pursuant to Section 4 of the PSA, a portion of the consideration for LWO for the sale of Property to WRR is WRR's agreement to pay to LWO the Additional Purchase Price.

**Agreement:**

NOW, THEREFORE, for and in consideration of the premises, \$10.00 cash paid by each party to the other party, and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. **Assignment and Payment of Net Bond Proceeds.**

1.1 **Net Bond Proceeds.** The Additional Purchase Price shall be the LWO Share of Net Bond Proceeds, which shall be documented and paid as provided in this APPA.

1.2 **Time of Payment.** WRR shall pay (if not paid directly by or on behalf of the MUD to LWO), or cause the MUD to directly pay to LWO, the Additional Purchase Price for the Property, if, as and when the LWO Share of Net Bond Proceeds with respect to the Property

or any portion thereof are paid by the MUD. WRR shall have no liability to LWO for the payment of any LWO Share of Net Bond Proceeds unless and until such LWO Share of Net Bond Proceeds is paid by the MUD to WRR. WRR has no obligation to make bond applications or to take steps related to the MUD other than as would a reasonable commercial developer, and this Agreement does not impose any obligation on WRR to construct improvements or to issue bonds within any timeframe.

1.3 **Partial Assignment of Consent Agreement.** Pursuant to that certain Partial Assignment of Consent Agreement dated \_\_\_\_\_, 2016, between LWO, WRR and Williamson County Municipal Utility District No. 25 ("MUD 25"), LWO and WRR have directed MUD 25, and MUD 25 has agreed, to pay LWO Share of Net Bond Proceeds with respect to the Property directly to LWO.

1.4 **Reimbursement Approvals and Information.** Each of the parties shall furnish to the other on or before each February 15<sup>th</sup> during the term of this APPA, an accounting of all Net Bond Proceeds received by such party from the MUD during the prior calendar year. Each of the parties shall furnish to the other a copy of any application for reimbursement of reimbursable costs submitted to the MUD by such party, provided neither party shall be obligated to furnish copies of specific invoices or detail, but shall make such invoices and detail available for inspection upon written request. WRR shall provide to LWO not less than ten (10) days after receipt by WRR a copy of any TCEQ approval of amounts for reimbursement by the MUD to WRR or LWO in connection with any pending or proposed bond issue by the MUD.

## 2. **Miscellaneous.**

2.1 **No Partnership.** Nothing contained in the PSA or this APPA shall be construed as creating a joint venture, partnership, tenancy-in-common, trust or joint tenancy relationship between LWO and WRR. The parties intend their relationship to be that of seller and buyer.

2.2 **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties hereto, and their heirs, successors and assigns.

2.3 **Notices.** Any Notice in this Agreement provided or permitted to be given, made or accepted by either party to the other must be in writing. Notice may, unless otherwise provided herein, be given or served: (i) by depositing the same in the United States Mail, certified, with return receipt requested, addressed to the party to be notified and with all charges prepaid; or (ii) by depositing the same with Federal Express or another service guaranteeing "next day delivery", addressed to the party to be notified and with all charges prepaid; or (iii) by delivering the same to such party, or an agent of such party by telecopy or by hand delivery. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the earlier of the date of actual receipt or 3 days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as provided below, be as follows:

**LWO:** Mr. A. Bradford Galo  
Laredo WO, Ltd.  
1175 W. Bitters, Suite 100  
San Antonio, TX 78216  
Telephone: (210) 497-3385  
Facsimile: (210) 495-2587  
Email: [bradg@galoproperties.com](mailto:bradg@galoproperties.com)

**With a Copy To:** Ms. Kelly Climer  
Galo Properties  
1175 W. Bitters, Suite 100  
San Antonio, TX 78216  
Telephone: (210) 497-3385  
Facsimile: (210) 495-2587  
Email: [kellyc@galoproperties.com](mailto:kellyc@galoproperties.com)

**With a Copy To:** Mr. Ronald W. Hagauer  
Attorney at Law  
1602 N. Loop 1604 W., Suite LL-102  
San Antonio TX 78248  
Telephone: (210) 479-3231  
Facsimile: (210) 479-3232  
Email: [ron@hagauer.net](mailto:ron@hagauer.net)

**WRR:** Mr. Randy Rollo  
WRR Interest, LLC  
4807 Spicewood Springs Road, Suite B-104  
Austin, TX 78759  
Telephone: (512) 750-0896  
Facsimile:  
Email: [RandyRollo@gmail.com](mailto:RandyRollo@gmail.com)

**With a Copy To:** Watson Law Group, PLLC  
Attn: Monty Watson  
4925 Greenville Avenue  
Floor 7, Suite 717  
Dallas, Texas 75206  
Telephone: (214) 810-5914  
Facsimile: (214) 550-2646  
Email: [monty@mmwatson.com](mailto:monty@mmwatson.com)

The parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days written notice to the other party.

2.4 **Notice and Cure.** If any party fails to perform or comply with any provision of this APPA or upon the occurrence of an event of default or a breach of this APPA (any of such failures or events referred to as a “Default”), before the non-defaulting party exercises any right or remedy available to it whether under the APPA, at law, in equity or otherwise, such non-defaulting party shall give written notice thereof (“Notice of Default”) to the defaulting party setting forth the event or events of Default. The non-defaulting party shall not exercise any such right or remedy provided for such Default, and the defaulting party shall have the opportunity to cure such Default within the following time periods (“Notice and Cure Period”):

(a) With respect to failure to make a monetary payment (“Monetary Default”), the expiration of ten (10) days after Notice of Default;

(b) With respect to any Default other than a Monetary Default (“Non-monetary Default”), the expiration of thirty (30) days after Notice of Default; provided that if such Non-monetary Default cannot be cured within such thirty (30) day period and curative actions have begun within such thirty (30) day period and are thereafter diligently continued to completion, upon the expiration of a reasonable curative period not to exceed sixty (60) days.

2.5 Each developer of land within MUD 25 and future Municipal Utility Districts created for the Non MUD 25 Land will be reimbursed on the basis of the appraised taxable value of the land developed by such developer. Approximately 82% of the MUD 25 SSG Reimbursables are allocated to the Property and will be collected as the Property is developed. Neither LWO nor WRR will do anything intentional in its applications to the TCEQ for the (i) approval of projects, (ii) creation of additional Municipal Utility Districts for the Non MUD 25 Land and (iii) approval of bonds in a manner that would result in the TCEQ denying any reimbursement of the MUD 25 SSG Reimbursables.

2.6 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be enforceable against the party or parties who signed it and all of which together shall constitute one and the same agreement.

2.7 **Amendments.** This Agreement may be amended, modified or extended only by an agreement in writing executed by the parties hereto.

2.8 **Attorneys Fees; Entire Agreement.** The prevailing party in any legal proceedings brought by or against the other party to enforce any provision of this Agreement shall be entitled to recover against the non-prevailing party the reasonable attorneys’ fees, court costs and other expenses incurred by the prevailing party. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. All prior inconsistent and conflicting negotiations and agreements, if any, with respect to the subject matter hereof not incorporated in this Agreement are hereby superseded.

2.9 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America. Williamson

County, Texas, shall be the proper place of venue for all suits to enforce this Agreement and any legal proceedings brought to enforce the provisions hereof shall be brought in the state district courts of Williamson County, Texas.

2.10 **Remedies.**

2.10.1 **Default.** In the event either party fails to perform any duty or obligation hereunder, specifically including, but not limited to, the execution of a release or payment of the Additional Purchase Price to LWO as provided herein, the other party may specifically enforce its rights hereunder and is entitled to such other relief or remedy as it may be entitled to at law or in equity.

2.11 **Severability.** If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible, and be legal, valid, and enforceable.

2.12 **Waiver.** No consent or waiver, express or implied, by either party to, or of, any breach or default by the other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations hereunder. Failure on the part of either party to complain of any act or failure to act of the other party or to declare such other party in default, irrespective of how long such failure continues, shall not constitute a waiver by the non-defaulting party of its rights hereunder.

2.13 **Savings Clause.** If any provision of this Agreement either existing or hereafter amended would otherwise violate the rules against perpetuities or any other rule, statute or law imposing time limits, and notwithstanding anything herein to the contrary, then, and to such extent only, such provision shall be deemed to remain in effect only until 21 years after the death of all of the descendants of the Governor of the State of Texas, who are living on the date of the execution of this Agreement.

2.14 **Time.** Time is of the essence in all things pertaining to the performance of this Agreement; however, if the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday or legal holiday under the laws of the United States or the state of Texas, then, in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

2.15 **Assignment.** This Agreement may be assigned by WRR, in whole or in part, without the consent of LWO. LWO acknowledges that the assignment of part or all of WRR's interests in the Property is likely during the term of this APPA in connection with WRR's financing, equity participations by third parties in one or more portions of the Property, or

WRR's business. All assignments are conditioned on the following: (i) the assignee shall assume in writing all of WRR's obligations hereunder as it relates to the portion of the Property owned by the assignee, (ii) the assignment shall state that the assignee recognizes LWO's right to the LWO Share of Net Bond Sales and (ii) written notice shall be sent to LWO not later than three (3) days after the assignment setting forth the assignee, its address, and a copy of the signed assignment. The terms and provisions of this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns. Time is of the essence in the performance of the obligations under this Agreement.

2.16 **Certificates of Status.** Each of the parties agrees to furnish from time to time upon written request of the other party a written instrument certifying that there are no defaults or breaches under this Agreement except as specifically listed therein and certifying as to the status of other matters under this Agreement. LWO acknowledge and understand that certification of the status of this Agreement will be necessary in connection with WRR's development financing and in connection with re-sale of Lots or portions of the Property.

2.17 **Paragraph Headings.** The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof.

2.18 **Grammatical Construction.** Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

2.19 **Exhibits and Other Provisions.** The following exhibits and/or other provisions of this Agreement are attached hereto and incorporated herein by reference for all intents and purposes: Exhibit A

2.20 **Entirety.** THIS AGREEMENT, THE PSA AND OTHER DOCUMENTS EXECUTED PURSUANT HERETO EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

*[SIGNATURE PAGE FOLLOWS]*

SIGNATURE PAGE TO ADDITIONAL PURCHASE PRICE AGREEMENT

Executed to be effective for all purposes as of \_\_\_\_\_, 2016.



**LWO:**

**LAREDO WO, LTD.,**  
a Texas limited partnership

By: **ABG ENTERPRISES, LTD.,**  
a Texas limited partnership,  
its general partner

By: **GALO, INC.,**  
a Texas corporation,  
its general partner

By: \_\_\_\_\_  
Name A. Bradford Galo,  
Title: Chief Executive Officer

**WRR:**

**WRR INTEREST, LLC,** a Texas limited liability  
company

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

**EXHIBIT D**

**BILL OF SALE AND ASSIGNMENT**

THE STATE OF TEXAS §  
COUNTY OF WILLIAMSON §  
§ KNOW ALL BY THESE PRESENTS:  
§

THAT WHEREAS, LAREDO WO, LTD., a Texas limited partnership (“Assignor”) has this \_\_\_ day of \_\_\_, 2016, conveyed to \_\_\_, a \_\_\_ (“Assignee”), that certain real property in Williamson County more particularly described on the attached Exhibit “A”, together with all improvements thereon and all appurtenances thereto (the “Real Property”); and

WHEREAS, Assignor now desires to convey to Assignee all of Assignor’s right, title and interest in and to certain items of property which are located upon, used in connection with, or related to the Real Property, which said items of property are more fully described hereinbelow and are conveyed under the terms and conditions set forth hereinbelow.

NOW, THEREFORE, for and in consideration of the premises herein stated and other good and valuable consideration paid to Assignor, the receipt and sufficiency of which are hereby acknowledged and confessed, Assignor has BARGAINED, GRANTED, SOLD, ASSIGNED, TRANSFERRED, CONVEYED, and DELIVERED, and by these presents does hereby BARGAIN, GRANT, SELL, ASSIGN, TRANSFER, CONVEY, and DELIVER unto Assignee all of the following-described items of property which are located upon, used in connection with, or which relate to the Real Property (collectively referred to herein as the “Transferred Property”):

1. Personal Property. All tangible personal property, if any, owned by Seller and located on, related to, or used in connection with, the Real Property;
2. Plans and Reports. All assignable rights in all site plans, proposed subdivision plats, surveys, topographical surveys, tree surveys, soil and substrata studies, plans and specifications, engineering plans and studies, environmental assessments reports, or other studies or information, and other plans, diagrams or studies of any kind, specifically prepared for the Real Property owned by Assignor or paid for by Assignor. As well as all assignable rights in all environmental studies, habitat studies, endangered species reports, bird letters, bug letters or cave letters, soils and wetlands reports, argonomic reports, irrigation reports, traffic studies, any proposed, preliminary and final plat(s), construction drawings, soils, grading, or other engineering reports, assessments, studies, and similar reports pertaining or relating to the Real Property;
3. Governmental and Utility Approvals and Permits. All governmental permits, approvals, licenses, or similar documents, if any (to the extent assignable). And all development entitlements, permits, zoning permits, utility capacities, licenses, applications, franchises, certifications, authorizations, proposals and existing approvals of any governmental authority relating to the development, construction, use or operation of the Real Property, including all of the right, title, and interest of Assignor in and to all wastewater and/or water capacity specifically allocated to the

Real Property but not more than 4,600 wastewater Service Unit Equivalents, but only to the extent that such development entitlements, permits, utility capacities, licenses, and existing approvals relate to the Real Property. As well as all other property owned or held by Assignor relating to the design, construction, ownership, development, or operation of the Real Property;

4. Utility Service Rights. All of Assignor's right, title and interest in and to that certain wastewater capacity consisting of 4,600 wastewater Service Unit Equivalents described in that certain Amended and Restated Development Agreement Concerning the Water Oak Subdivision (f/k/a ABG Subdivision) dated March 14, 2012, and recorded under Document No. 2012027844, Official Public Records of Williamson County, Texas, to be used only in connection with the development of the Real Property; and

5. Contracts and Leases. All right, title and interest of Assignor in and to those certain contracts and leases set forth on Exhibit "B" attached hereto and made a part hereof, and all warranties, guaranties, indemnities and claims relating thereto.

TO HAVE AND TO HOLD the Transferred Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Assignee, Assignee's heirs, successors, legal representatives, and assigns forever.

The parties acknowledge and agree that in order to effectuate the assignment of some of the development rights, permits and other approvals delineated in Sections 3 and 4 above, the applicable governmental authority may require that certain specified forms be utilized or procedures be followed before the assignment from Assignor to Assignee can be completed. Assignor agrees that in such event, Assignor shall continue to hold such rights as the agent and nominee of Assignee, for the benefit of Assignee and the Property, until the assignment can be completed. The parties shall each cooperate in applying for assignment of any of the governmental permits, agreements and approvals referenced in Sections 3 and 4 above by joining in the execution, when necessary, of any application, assignment or other document required by a governmental authority, attending all meetings or hearings at which their presence is requested, and providing such additional information and assistance as shall be required by either party, in order to effectuate the assignment contemplated by this Assignment.

As set forth in the Purchase and Sale Agreement between WRR Interest, LLC, as Buyer, and Laredo WO, Ltd., as Seller, which is hereby incorporated by reference as if herein set out in full and except as set forth herein, the property conveyed hereunder is conveyed by Assignor and accepted by Assignee **AS IS, WHERE IS, AND WITHOUT ANY WARRANTIES OF WHATSOEVER NATURE, EXPRESS OR IMPLIED, EXCEPT AS EXPRESSLY SET FORTH IN SAID PURCHASE AND SALE AGREEMENT, IT BEING THE INTENTION OF ASSIGNOR AND ASSIGNEE EXPRESSLY TO NEGATE AND EXCLUDE ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY CONVEYED**

**HEREUNDER, OR BY ANY SAMPLE OR MODEL THEREOF, AND ALL OTHER  
WARRANTIES WHATSOEVER CONTAINED IN OR CREATED BY THE TEXAS  
UNIFORM COMMERCIAL CODE.**

COUNTERPART SIGNATURE PAGE TO BILL OF SALE AND ASSIGNMENT

ASSIGNOR:

LAREDO WO, LTD., a Texas limited partnership

By: ABG ENTERPRISES, LTD., a Texas limited partnership, its general partner

By: GALO, INC., a Texas corporation, its general partner

By: \_\_\_\_\_  
Name: A. Bradford Galo  
Title: Chief Executive Officer

STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON           §

This instrument was acknowledged before me on the \_\_\_ day of \_\_\_\_\_, 2016, by **A. BRADFORD GALO**, as Chief Executive Officer of GALO, INC., a Texas corporation, as general partner of ABG ENTERPRISES, LTD., a Texas limited partnership, as general partner of LAREDO WO, LTD., a Texas limited partnership, on behalf of said limited partnership.

\_\_\_\_\_  
Notary Public, State Of Texas

COUNTERPART SIGNATURE PAGE TO BILL OF SALE AND ASSIGNMENT

ASSIGNEE:

\_\_\_\_\_  
a \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF TEXAS §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of said \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State Of Texas

**EXHIBIT A TO BILL OF SALE**

**Real Property**

**[TO BE ATTACHED]**

**EXHIBIT B TO BILL OF SALE**

**Contracts and Leases**

**(to be attached)**



**EXHIBIT E**

**NOTICE**

NOTICE TO PURCHASERS

The real property, described below, that you are about to purchase is located in Williamson County Municipal Utility District No. 25 (the "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 in the District is \$0.92 on each \$100 of assessed valuation. The total amount of bonds, excluding any bonds or any portion of bonds issued that are payable solely from the 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 is \$1,019,000,000, 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 \$ 0.

The District is located in whole or in part in the extraterritorial jurisdiction of the City of Georgetown. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this District is to provide water, sewer, drainage, or flood control and park 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 and/or the City of Georgetown, Texas.

The legal description of the property you are acquiring is more fully described on Exhibit "A".

LAREDO WO, LTD., a Texas limited partnership

By: ABG ENTERPRISES, LTD., a Texas limited partnership, its general partner

By: GALO, INC.,  
a Texas corporation, its general partner

By: \_\_\_\_\_  
Name: A. Bradford Galo  
Title: Chief Executive Officer

STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON           §

This instrument was acknowledged before me on the \_\_\_ day of \_\_\_\_\_, 2016, by **A. BRADFORD GALO**, as Chief Executive Officer of GALO, INC., a Texas corporation, as general partner of ABG ENTERPRISES, LTD., a Texas limited partnership, as general partner of LAREDO WO, LTD., a Texas limited partnership, on behalf of said limited partnership.

\_\_\_\_\_  
Notary Public, State Of Texas

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.

Purchaser

\_\_\_\_\_  
Austin, TX \_\_\_\_\_

WRR INTEREST LLC,  
a Texas limited liability company

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

STATE OF TEXAS       §  
                                  §  
COUNTY OF TRAVIS   §

This instrument was acknowledged before me on the \_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, as \_\_\_\_\_ of WRR INTEREST, LLC, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State Of Texas

After recording, please return this instrument to:  
Mr. A. Bradford Galo  
Laredo WO, Ltd.  
1175 W. Bitters, Suite 100  
San Antonio TX 78216

Exhibit A

Legal Description

**EXHIBIT F**  
**DESCRIPTION OF PARCEL TO BE ACQUIRED BY SELLER**

That certain 3.080 acre tract of land out of the J. Thompson Survey, Abstract No. 608, in Williamson County, Texas, said 3.080 acre tract of land being conveyed by The Grady and Rose Barton Real Estate, LP, a Texas limited partnership, and Carrie Ann Barton-Smith, a/k/a Carrie Ann Williams, a/k/a Carrie Ann Toungate, to Austin WO, LLC, a Texas limited liability company, by Special Warranty Deed dated February 12, 2014 and recorded under Document No. 2014011207, Official Public Records of Williamson County, Texas, as more particularly described by metes and bounds in said Special Warranty Deed.

**SCHEDULE 1**

**SELLER'S CONFIDENTIAL INFORMATION**

- 1. Price and terms of this Agreement;**
- 2. Financial models prepared by Seller's general partner; and**
- 3. Written and oral conversations with the City of Georgetown.**