

Loan Memorandum

Customer - Lu 109266-1000334
 Prepared By [Signature] Reviewed By [Signature]

BORROWER

Borrower Estate of Ida Baldwin Denison
 Company or d.b.a. John Wayne Denison Ind. Exec.
 Street Address RR1 Box 84
 City State Zip Old Glory, Tx. 79540-9726
 Phone (H) 940-989-2938 (Wk/Mob)
 SSN/TIN # [Redacted] Age/DOB _____
 Employment Verified --- \$ _____ Yrs. _____
 Residence Address _____
 City State Zip _____

CO-BORROWER

Co-Borrower _____
 Street Address _____
 City State Zip _____
 Phone (H) _____ (Wk/Mob) _____
 SSN # _____ Age/DOB _____

PURPOSE & COLLATERAL

Employment Verified \$ _____ Yrs. _____
 Purpose Pay 1998 & 1999 taxes on land in Stonewall Co
 Collateral Code B - Secured by term land and real est. of
 Collateral Purpose 6200 acres of cultivated and pasture land in Stonewall Co valued @ 1,240,000. Assignment of payment from sale of land in Williamson Co. See attachments
 Collateral covered by this agreement is to be used by Debtor primarily for
 Personal, family or household Farming operations
 Business other than farming operations
 The Collateral is
 Now owned by the Debtor
 Being acquired w/the proceeds of the advance evidenced by this agreement
 The Collateral will be kept at
 Debtor's residence as shown above At Real Estate
 The Debtor's chief place of business is
 In the County of Debtor's residence At _____
 Will this loan be paid at Maturity? Yes
 If Not, what is the ultimate plan of Liquidation? _____

LOAN AMOUNT

New Money Advanced \$42,000
 Renewal Amount _____
 # _____
 # _____
 # _____
 # _____
 Filing Fees _____
 Total Loan Amount \$42,000

TYPE OF NOTE

Document Fee? Yes No
 Administrative Fee? Yes No
 Minimum Interest Charge? Yes No
 Installment ()
 Payment:
 Monthly Quarterly
 Semi-Annually Annual
 Principal plus interest
 Principal incl. Interest
 Number of Payments: _____
 Balloon w/fixed pmt \$ _____
 Interest Rate: _____ %
 1st Payment due: _____
 Charge Acct. # _____
 Single Payment
 Interest Rate: 10 %
 Due Date or Days: 01-04-01
 Multiple Advance? () Open ()
 1st Advance \$ _____ Closed ()
 Credit Insurance: No Insurance
 C/L only C/L & A/H
 Joint C/L Joint C/L & A/H
 Property Insurance: Required
 Not Required

DOCUMENTS REQUIRED

Security Agreement _____
 Financing Statement Co. _____ St. _____
 Mechanic's Lien _____ Regulation U _____
 Assignment Life Ins. _____ White Slip _____
 Stock Power _____ Financial Statement _____
 Deed of Trust Title Opinion/Policy _____
 Insurance Policy _____
 Other Assignment on sale of proceeds from sale of Williamson Co. property

PROCEEDS

Disposition of Proceeds:
 Cash 32271 \$ 40,512.7
 Dep. Acct. # 600181 40,512.7
 Draft or Cashier's Check 40,512.7
 Total Disbursed \$ 42,000

SOURCE OF REPAYMENT

From Current Income _____
 From Sale of Assets Land in Williamson Co.
 From Liquidation of Inventory _____
 From Acct. Rec. Collection _____
 From Sale of Real Estate _____
 Other (Outline) _____

Other Instructions
6200 ac. is collateral on loan # 109266-990393
Tax-Assessor Collector Stonewall Co.

Signature of Officer [Signature]

REG B (Consumer Only)

<p>Monthly Expense to Income Ratios: % Amount</p> <p>Primary Housing Exp/Inc (30%) _____</p> <p>Total Obligations/Inc (40%) _____</p> <p>Gross Income \$ _____</p> <p>Proposed Pmt \$ _____</p> <p>Existing Debt Service \$ _____</p> <p>Total Debt Service \$ _____</p> <p>Length of Employment: Collateral: _____</p> <p>At Present Job Type _____</p> <p>In Field Value _____</p> <p>Length of Residence: _____</p> <p>At Present Address In Community _____</p>	<p>Retail Report:</p> <p><input type="checkbox"/> Clean Report</p> <p><input type="checkbox"/> Insignificant Derogatory Items</p> <p><input type="checkbox"/> Significant Derogatory Items</p> <p><input type="checkbox"/> Extensive Derogatory Items</p> <p>Action Taken:</p> <p><input type="checkbox"/> Approved - Conforming Credit</p> <p><input type="checkbox"/> Approved - Exception</p> <p><input type="checkbox"/> Declined - Counter Offer</p> <p><input type="checkbox"/> Declined</p> <p>Exception Approval Justification/Comments: _____</p>	<p>FAIR LENDING Review Disagree</p> <p>Agree By _____ Date _____</p>
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ESTATE OF IDA BALDWIN DENISON C/O JOHN WAYNE DENISON, IND. EXEC. RR 1 BOX 84 OLD GLORY, TX 79540-9726	HAMLIN NATIONAL BANK 231 S. CENTRAL/P.O. BOX 308 HAMLIN, TX 79520	Loan Number <u>600181-1000634</u> Date <u>JUN 8, 2000</u> Maturity Date <u>JAN 4, 2001</u> Loan Amount \$ <u>42,000.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS *I* includes each borrower above, joint and severally.	LENDER'S NAME AND ADDRESS *You* means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of FORTY TWO THOUSAND AND NO/100**** 42,000.00

Single Advance: I will receive all of this principal sum on JUN 8, 2000. No additional advances are contemplated under this note.
 Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____
 Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from JUN 8, 2000 at the rate of 10.0000 % per year until JAN 4, 2001.

Variable Rate: This rate may then change as stated below.
 Index Rate: The future rate will be _____ the following index rate: _____

Ceiling Rate: The interest rate ceiling for this note is the _____ ceiling rate announced by the Credit Commissioner from time to time.
 Frequency and Timing: The rate on this note may change as often as _____
 A change in the interest rate will take effect _____
 Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
 The amount of each scheduled payment will change. The amount of the final payment will change.

ACCUAL METHOD: Interest will be calculated on a 365 DAYS PER YEAR basis.
 POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
 on the same fixed or variable rate basis in effect before maturity (as indicated above).
 at a rate equal to THE STATUTORY CEILING RATE, AS ANNOUNCED FROM TIME TO TIME.

LATE CHARGE: If a payment is made more than _____ days after it is due, I agree to pay a late charge of _____
 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:
 Interest: I agree to pay accrued interest UPON DEMAND, BUT IF NO DEMAND IS MADE, THEN ON JAN 4, 2001
 Principal: I agree to pay the principal UPON DEMAND, BUT IF NO DEMAND IS MADE, THEN ON JAN 4, 2001
 Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____. A payment of \$ _____ will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____.

ADDITIONAL TERMS: SECURED BY A SEPARATE SECURITY AGREEMENT DATED 06/08/00

COPY

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

PURPOSE: The purpose of this loan is PAY 1998 & 1999 TAXES ON LAND IN STONEMAN CO.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE INCLUDING THOSE ON PAGE 21. I have received a copy on today's date.

ESTATE OF IDA BALDWIN DENISON
John Wayne Denison, IND. EXEC.
 JOHN WAYNE DENISON, IND. EXECUTOR

Signature for Lender
Dwight Striggs

ESTATE OF IDA BALDWIN DENISON C/O JOHN WAYNE DENISON, IND. EXECUTOR RR 1 BOX 84 OLD GLORY, TX 79540-9726	HAMLIN NATIONAL BANK 231 S. CENTRAL/P.O. BOX 308 HAMLIN, TX 79520
DEBTOR'S NAME, ADDRESS AND SSN OR TIN ("I" means each Debtor who signs.)	OR SECURED PARTY'S NAME AND ADDRESS LA ("You" means the Secured Party, its successors and assigns.)

I am entering into this security agreement with you on JUNE 8, 2000 (date).

SECURED DEBTS. I agree that this security agreement will secure the payment and performance of the debts, liabilities or obligations described below that (Check one) I (name) JOHN WAYNE DENISON, IND. EXECUTOR OF ESTATE OF IDA BALDWIN DENISON owes(s) to you now or in the future:

(Check one below):
 Specific Debt(s). The debt(s), liability or obligations evidenced by (describe): _____ and all extensions, renewals, refinancings, modifications and replacements of the debt, liability or obligation.

All Debt(s). Except in those cases listed in the "LIMITATIONS" paragraph on page 2, each and every debt, liability and obligation of every type and description (whether such debt, liability or obligation now exists or is incurred or created in the future and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several).

Security Interest. To secure the payment and performance of the above described Secured Debts, liabilities and obligations, I give you a security interest in all of the property described below that I now own and that I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the property), wherever the property is or may be located, and all proceeds and products from the property.

- Inventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.
- Equipment: All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment.
- Farm Products: All farm products including, but not limited to:
 - (a) all poultry and livestock and their young, along with their products, produce and replacements;
 - (b) all crops, annual or perennial, and all products of the crops; and
 - (c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.
- Accounts, Instruments, Documents, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to:
 - (a) payment for goods and other property sold or leased or for services rendered, whether or not I have earned such payment by performance; and
 - (b) rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable.
 The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debtor or obligor of mine.
- General Intangibles: All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name.
- Government Payments and Programs: All payments, accounts, general intangibles, or other benefits (including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result of any preexisting, current or future Federal or state governmental program (including, but not limited to, all programs administered by the Commodity Credit Corporation and the ASCS).

The secured property includes, but is not limited by, the following:
D/T ON 6200 ACRES OF CULTIVATED AND PASTURE LAND IN STONEWALL CO.
VALUED @ \$1,240,000.
ASSIGNMENT OF PAYMENT FROM SALE OF LAND IN WILLIAMSON CO.
SEE ATTACHMENTS.

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the legal description is: N/A

I am a(n) individual partnership corporation
 If checked, file this agreement in the real estate records.

Record Owner (if not me): _____

 ESTATE OF IDA BALDWIN DENISON
 (Debtor's Name)

The property will be used for personal business
 agricultural _____ reasons.
 By: John Wayne Denison
 JOHN WAYNE DENISON

HAMLIN NATIONAL BANK
 (Secured Party's Name)
 Title: IND. EXECUTOR

By: Dwight S. Briggs
 DWIGHT S. BRIGGS
 Title: SR. VICE-PRES.