

COLLATERALIZED SECURITY AGREEMENT

Whereas, DAVID JENSEN, owner and developer of BUFFALO HEIGHTS, Section 1, desires to file a final plat of BUFFALO HEIGHTS, Section 1, with Tom Green County, to allow the legal sale of lots created by said plat prior to completion of improvements required by current subdivision regulations of Tom Green County, Texas. The primary requirements not completed consist of the second course of penetration pavement outlined in the subdivision requirements. The second course of penetration is unable to be applied prior to the filing of the plat since the first course of penetration needs to cure for sixty (60) days.

DAVID JENSEN provides as security, an irrevocable letter of credit as shown on Exhibit "A" attached hereto.

DAVID JENSEN agrees to complete all improvements no later than September 30, 2008.

In the event DAVID JENSEN fails to comply with the above provision, SKG ENGINEERING will cause same to be completed by December 31, 2008, with the actual cost being drawn from the exhibited letter of credit.

In the event SKG ENGINEERING fails to comply with the above provision, Tom Green County shall draw all remaining funds available pursuant to said letter of credit for the sole benefit of Tom Green County.

Tom Green County reserves the right to pursue all enforcement remedies available under current published subdivisions regulations against DAVID JENSEN, as owner of said BUFFALO HEIGHTS Section 1, for failure to complete said requirements of same regulations.

This agreement and any attachments shall become part of the recorded minutes of Tom Green County Commissioners Court dated April 22, 2008.

SKG ENGINEERING



DAVID JENSEN



BY: RUSSELL GRAY

IRREVOCABLE STANDBY LETTER OF CREDIT

ISSUER: San Angelo Banking Center
The First National Bank of Sonora, Texas
5710 Sherwood Way
San Angelo, TX 76901

Date of Issue: <u>04-22-2008</u> Letter of Credit Number: <u>11050100</u>	
Amount: U.S. \$ <u>60,000.00</u> (<u>sixty thousand and no/100</u> U.S. DOLLARS)	
For Benefit Of: Beneficiary Name and Address	For Account Of: Applicant Name and Address
Tom Green County 112 W. Beauregard, San Angelo, TX 76903	DAVID JENSEN P O BOX 1669 SAN ANGELO, TX 76902

LETTER OF CREDIT. Issuer establishes this Irrevocable Standby Letter of Credit (Letter of Credit) in favor of Beneficiary in the amount indicated above. Beneficiary may draw on this Letter of Credit with a Draft (or Drafts, if the maximum number of drawings is greater than one) together with the documents described below. Each Draft shall be signed on behalf of Beneficiary and be marked "Drawn under [Issuer name] Letter of Credit No. [Letter of Credit number] dated [Letter of Credit date]." Drafts must be presented at Issuer's address shown above on or before the Expiration Date. The presentation of any Draft shall reduce the Amount available under this Letter of Credit by the amount of the Draft.

This Letter of Credit sets forth in full the terms of Issuer's obligation to Beneficiary. This obligation cannot be modified by any reference in this Letter of Credit, or any document to which this Letter of Credit may be related.

This Letter of Credit expires on the Expiration Date.

DRAWINGS.

- Partial drawings shall not be permitted under this Letter of Credit.
- Partial drawings are permitted. The maximum number of drawings that may be made is unlimited.

DOCUMENTS. Each Draft must be accompanied by the following, an original and two copies except as stated:

- The original Letter of Credit, together with any amendments.
- A sight draft drawn by Beneficiary on Issuer.
- A signed statement by Beneficiary including the following statement: **Bills/Invoices for completed work**

- Other documents:

Issuer shall be entitled to accept a draft and the documentation described above, as required by the terms of this Letter of Credit, from any person purporting to be an authorized officer or representative of Beneficiary without any obligation or duty on the part of Issuer to verify the identity or authority of the person presenting the draft and such documentation.

SPECIAL INSTRUCTIONS. SUBJECT TO CONDITIONS OF SECURITY AGREEMENT

EXPIRATION DATE. This Letter of Credit expires at the close of business at Issuer's address at 3:00 PM (Time) on 12-31-2008 (Date). Issuer agrees to honor all Drafts presented in strict compliance with the provisions of this Letter of Credit on or before the Expiration Date.

- If Beneficiary has not drawn the full amount of this Letter of Credit prior to the Expiration Date, the Expiration Date shall be extended for a period of _____ days from the Expiration Date, unless Issuer notifies Beneficiary in writing at least _____ days prior to the Expiration Date that Issuer elects not to extend this Letter of Credit. In any event, this Letter of Credit shall expire on _____ without any notice from Issuer to Beneficiary.

TRANSFERABILITY. This Letter of Credit is transferable non-transferable.

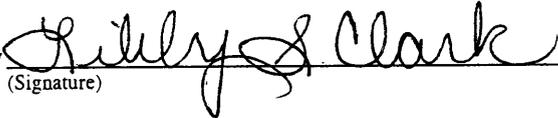
APPLICABLE LAW. This Letter of Credit shall be governed by:

- the Uniform Customs and Practice for Documentary Credits, 2006 Revision, International Chamber of Commerce Publication No. 600 (UCP), or any later version or amendment.
 the International Standby Practices 1998 (ISP98).

This Letter of Credit shall also be governed by the laws of Texas, the United States of America, so long as such laws are not inconsistent with the UCP or ISP, as applicable.

San Angelo Banking Center, The First National Bank of Sonora, Texas

(Issuer Name)

By  4/23/08
(Signature) (Date)

Libby S Clark, Vice President

(Signer Name and Title)