

STATE OF TEXAS §

COUNTY OF WEBB §

AGRICULTURAL GRAZING AND HUNTING LEASE

Penjamo and Llano Pastures

Texas School Lands

Abstract 503 & 504, Survey Nos. 1383, 1384, containing approximately 8,829.57 acres (+ -)

This lease is hereby entered into by and between WEBB COUNTY, TEXAS, a political subdivision of the State of Texas, hereinafter referred to as **LESSOR** acting herein by and through Tano E. Tijerina, its County Judge, as authorized and approved by the Commissioners Court of Webb County, Texas on Monday, June 26th, 2017, pursuant to award of RFP 2017-002 "Webb County Agricultural Grazing and Hunting Lease", and CLIFF DAVIS d/b/a RAFTER D. CATTLE COMPANY, P.O. BOX 439, Carrizo Springs, Texas 78834 hereinafter referred to as **LESSEE**,

RECITALS

WHEREAS, the state of Texas granted LESSOR the herein described lands under Article 7, Section 6-7, of the Constitution of the State of Texas for educational purposes: and

WHEREAS, the LESSOR may lease said lands under authority of the Constitution of the State of Texas, Chapter 263 of the Texas Local Government Code.

WHEREAS, LESSOR complied with the competitive bidding requirements of the Texas Local Government Code, Sections 263.003 and 263.007 in making this Agricultural and Hunting Lease; and

WHEREAS, LESSEE herein was duly awarded this lease at a meeting of the Webb County Commissioners Court held June 26th, 2017 pursuant to RFP #2017-002 "Webb County Agricultural and Hunting Lease.

NOW, THEREFORE, the parties hereby agree as follows:

**I.
DEMISE OF PROPERTY**

That LESSOR, in consideration of the rentals herein reserved and agreed to be paid to it by LESSEE, and of the terms, covenants and conditions herein contained to be observed, kept, and performed on the part of the LESSEE, and has LEASED, LET AND DEMISED unto LESSEE, the “**Surface Only**” of the following described land in Webb County, Texas, to wit:

El Penjamo Pasture containing approximately 4,364.53 acres of land (+ - more or less) granted to Webb County, Texas as Schools Lands by the State of Texas being Survey No. 1383 in said County, and located approximately 36 miles Northeast of Laredo, Texas.

El Llano Pasture containing approximately 4,465.04 acres of land (+ - more or less) granted to Webb County, Texas as School Lands by the State of Texas, being Survey No. 1384 in said County, and located approximately 38 miles Northeast of Laredo, Texas.

(Lessor and Lessee both agree that each has knowledge of the location and boundaries of said land, that Lessee has had an opportunity to inspect the premises prior to entering to this lease agreement and that both parties expressly acknowledge, consent and agree to waive the requirement for a formal metes and bounds description thereof.)

said lands to be used for agricultural grazing and hunting purposes only, and subject to the terms of any valid and subsisting oil, gas, mineral leases and geophysical exploration agreements covering said land or any part thereof now of record in Webb County, Texas, and to any oil, gas, mineral leases, geophysical exploration agreements, and water or water estate exploration, development or production that may be made in the future by LESSOR covering said lands, or any part thereof and LESSOR herein reserves the non-exclusive right to develop, explore for, drill for, produce process, transmit, transport, and lay pipelines to transmit subsurface water in on or under the demised premises.

**II.
PRIMARY TERM**

The term of the lease shall be for a Primary Term of FIVE (5) years beginning the 24th day of June, 2017 and ending on the 23rd day of June, 2022.

**III.
OPTION TO EXTEND**

LESSEE, shall have the right to and option to re-let the premises for an additional two (2) year term, under the same terms and conditions as agreed to hereunder, provided that LESSEE provides written notice to LESSOR of LESSEE's intention to do so no later than six months prior to the expiration of the primary lease term. Notice by any other means shall not operate to invoke the provisions of this article.

**IV.
RENTALS**

LESSEE shall pay LESSOR as rent for the entire FIVE (5) year Primary Term of this lease, the sum of **Seven Hundred Sixty-One Thousand Nine Hundred and Ninety-One Dollars and Eight-Nine Cents (\$761,991.89)** which amount shall be payable to LESSOR at Laredo, Webb County, Texas, in FIVE (5) annual installments of **One Hundred Fifty Two Thousand Three Hundred and Ninety-Eight Dollars and Thirty-Seven Cents (\$152,398.37)**.

The first such rental installment payment of **One Hundred Fifty Two Thousand Three Hundred and Ninety-Eight Dollars and Thirty-Seven Cents (\$152,398.37)** is due and payable to Lessor on or before the first day of the term of this lease and/or the execution thereof, and the remaining FOUR (4) installments being due and payable on or before each anniversary date thereafter until fully paid. Past due rentals shall bear interest at the rate of ten percent (10%) per annum from its due date LESSEE covenants and agrees with LESSOR to pay all installments of rent and interest incurred. All rents shall be paid to LESSOR by cashier's check payable to:

Webb County Treasurer's Office
1110 Washington St., Ste. 202
Laredo, Texas 78040

At the inception of this lease and upon receipt and full payment to LESSOR for the first years lease rental payment in the sum of **One Hundred Fifty Two Thousand Three Hundred and Ninety-Eight Dollars and Thirty-Seven Cents (\$152,398.37)**, LESSEE shall be required to secure the rents due for the remaining FOUR (4) year Primary Term period of June 24th, 2018 through June 23rd, 2022 with an Irrevocable Standby Letter or Credit in the total amount of **Six**

Hundred Nine Thousand Five Hundred and Ninety-Three Dollars and Forty-Eight Cents (\$609,593.48) drawn on a bank acceptable to LESSOR.

**V.
OPERATIONS ON SUBJECT PROPERTY**

Operations by LESSEE on subject property shall be limited to grazing and hunting activities. LESSEE agrees not to use all or part of the leased premises or any improvement situated upon the leased premises for any use or purpose in violation of any valid and applicable law, regulation or ordinance of the United States, the State of Texas, or other lawful authority having jurisdiction over the leased premises.

**VI.
GRAZING**

LESSEE is hereby granted the right to utilize the subject property for the grazing of approved livestock. LESSEE shall not place, store, or keep any livestock in or on the premises unless LESSEE is the sole owner thereof. LESSEE shall limit its grazing operations on the subject property to cattle. The grazing of sheep and goats on the demised property is expressly prohibited.

LESSEE agrees not to cause or allow the land leased hereunder to be overstocked with cattle or animals in such a manner as to materially injure the property for such grazing purposes or to cause the land to be used in a manner that will commit waste thereon. LESSEE shall stock the land so that no fewer than twenty-five (25) acres shall be allowed per cow.

**VII.
HUNTING**

LESSEE is hereby granted the right to sublease the property for the hunting of deer and upland game birds and varmints, provided that each hunter's name, address and telephone number is submitted to LESSOR, if available, prior to subletting and is approved by LESSOR in writing. LESSEE, at his sole cost and expense, shall consult with a game biologist to aid in all game surveys and harvests and to implement wildlife management and conservation practices. All game surveys, harvest records, and game biologist recommendations shall be furnished to

LESSOR. Game shall be harvested in accordance with good and prudent game management plans, as directed from time to time by LESSOR and the Texas Parks and Wildlife Department. LESSEE shall conduct all hunting activities in accordance with all applicable laws, rules, requirements and proclamations of the State of Texas, the Texas Parks and Wildlife Department and the United States. LESSEE shall keep and maintain at all times proper hunting permits and harvest records and shall provide copies thereof to LESSOR as requested. LESSEE shall supervise and be responsible for all hunting conducted on the premises and shall require each hunter to execute, on forms provided by LESSOR, such releases of liability and covenants not to sue, as LESSOR desires. It is further understood and agreed by the parties hereto that violation of any game laws by LESSEE, assignees, sub-lessees or invitees shall result in the immediate termination of this lease. Day leasing is strictly prohibited.

VIII. IMPROVEMENTS

LESSEE shall, at his sole cost and expense, replace the perimeter fences that are in poor condition. LESSEE shall contact abutting landowners regarding to participation in the cost of the replacement of the fences and in the event the abutting landowners do not participate LESSEE shall maintain and repair the fences so they are strong enough to turn cattle. LESSEE shall, at his sole cost and expense, maintain all roads/senderos that are adjacent to perimeter fences. Additionally, LESSEE, at his sole cost and expense, shall plow and reseed all previously prepared fields with buffel grass and millet, but not less than 365 acres, and shall maintain and repair all cattle pens. LESSEE shall, at his sole cost and expense, have the right at any time and from time to time during the term of this lease to erect, maintain, alter, remodel, reconstruct, rebuild or replace buildings or other improvements on the leased premises, including but not limited to: fences, corrals, water wells, water tanks, water lines, water storage facilities, dwellings, existing roads, as well as undertaking brush control and grass seeding measures, subject to the following general conditions:

- a). Any and all improvements (excluding routine maintenance and upkeep) must have the prior approval of LESSOR.
- b). The cost of any such work shall be borne and paid for the LESSEE.
- c). The leased premises shall at all times be kept free of mechanics and materialman's liens.

LESSOR shall be notified in writing of the time of commencement and general nature of any such work, other than routine maintenance of existing buildings or improvements, at the time of commencement.

**IX.
EXISTING IMPROVEMENTS**

LESSEE shall take good care of the leased premises and all fences and improvements thereon to the sole satisfaction of LESSOR, LESSEE shall keep all improvements and fences, at LESSEE's sole expense, in good repair and order and shall not, to the best of his ability, permit or allow waste or damage to be committed or permitted on any portion of said premises or improvements.

LESSEE agrees to maintain the fences now existing upon, across and around said property and leave them in as good a condition upon termination of this lease as they are now in, reasonable wear and tear expected. LESSEE further agrees that he will cause said fences herein leased to be maintained in such a state as can be reasonably expected to turn cattle.

**XI.
UTILITIES & PERSONAL PROPERTY TAXES**

LESSEE shall pay or cause to be paid all charges for water, heat, gas, electricity, and all other utilities used by LESSEE on the leased premises throughout the term of this lease, including any connection fees. LESSEE shall pay or cause to be paid and shall be solely liable for the payment any and all personal property taxes assessed by any taxing entity for any such personal property located and/or placed upon the demised premises by Lessee.

**XII.
GEOPHYSICAL OPERATIONS**

LESSEE shall not interfere, in any way, with any oil, gas or other geophysical operations, or those operations relative, supportive or incidental thereto, conducted in, on or under the demised property. However, it shall be the duty of the LESSEE to report to LESSOR any and all observed actual or potential violations of State of Federal law, rules and/or regulations involving any oil, gas or geophysical operations, related, supportive or incidental thereto, in and on the property.

**XIII.
SURFACE DAMAGES**

LESSOR hereby expressly reserves the right to receive and retain any monies paid for the right of exploring and prospecting for minerals and mineral indications on the subject property. It is expressly understood that LESSEE SHALL NOT receive any monies for rentals or damages to the above described property, including but not limited to seismic damages, well site location damages, and pipeline right-of-way damages, and that any money paid by reason of any geophysical operations in, on or under the land described herein shall be paid to LESSOR.

**XIV.
INSPECTION BY LESSOR**

LESSEE shall permit and allow LESSOR's designated officials, agents, representatives, and officers in and upon said demised premises from time to time to inspect same.

**XV.
ACTUAL SETTLER**

LESSEE is not and shall not, during the term hereof, claim any rights as an "actual settler" under Section 6 of Article VII of the Constitution of the State of Texas, and LESSEE expressly disclaims such rights with respect to the leased premises.

**XVI.
INSURANCE AND INDEMNIFICATION**

Insurance on Buildings and Improvements

At all times during the term of this lease, it shall be the responsibility of LESSEE to keep all buildings and other improvements located or being constructed on the leased premises insured against loss or damage by fire, with extended coverage endorsement or its equivalent, with Webb County, Texas named as an additional insured party.

Liability Insurance

At all times during the term of this lease, LESSEE shall provide and keep in force liability insurance covering LESSOR, as an additional insured party, and LESSEE for liability for property damage and personal injury. This insurance shall be carried by one or more

insurance companies duly authorized to transact business in Texas, selected by LESSEE and approved by LESSOR, and shall be paid for by LESSEE. The insurance provided pursuant to this section shall be in the amount of not less than \$100,000.00 for property damage and not less than \$500,000.00 for one person and \$1,000,000.00 for one accident for personal injury. This insurance shall protect LESSOR and LESSEE against liability to any employees or servants of LESSEE and to any other person or persons whose property damage or personal injury arises out of or in connection with the occupation, use or condition of the leased premises.

Indemnification of Lessor

LESSOR SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM ANY USE OF THE LEASED PREMISES, OR ANY PART OF THE LEASED PREMISES, OR CAUSED BY ANY DEFECT IN ANY BUILDING IN ANY BUILDING, STRUCTURE IMPROVEMENT, EQUIPMENT, OR FACILITY ON THE LEASED PREMISES OF CAUSED BY OR ARISING FORM ANY ACT OR OMISSION OF LESSEE, OR OF ANY OF ITS AGENTS, FIRE OR OTHER CASUALTY ON THE LAND, OR OCCASIONED BY THE FAILURE OF LESSEE TO MAINTAIN THE PREMSIES IN SAFE CONDITION. LESSEE WAIVES ALL CLAIMS AND DEMANDS ON ITS BEHALF AGAINST LESSOR FOR ANY SUCH LOSS, DAMAGE, OR INJURY, AND AGREES TO INDEMNIFY AND HOLD LESSOR ENTIRELY FREE AND HARMLESS FOR ALL LIABILITY FOR ANY SUCH LOSS, DAMAGE, OR INJURY OF OTHER PERSONS, AND FROM ALL COSTS AND EXPENSES ARISISNG FROM ANY CLAIMS OR DEMANDS OF OTHER PERSONS CONCERNING ANY SUCH LOSS, DAMAGE OR INJURY.

XVII. SALE OF SUBJECT PROPERTY

This lease is subject to the condition that LESSOR reserves the right to sell the land covered hereby or any part thereof, and any such sale may, at LESSOR's option, be either subject to this lease or free and clear thereof; in which latter event LESSEE shall be refunded the proportionate part of unearned installments of rentals previously paid, and shall be given a reasonable time within which to remove his stock and personal property from the premises.

XVIII.
ABANDONMENT BY LESSEE

In the event said demised premises is abandoned or vacated by LESSEE, LESSOR shall have the right but not the obligation, to lease the same for the remainder of the period covered hereby; and if rent is not received through such leasing in an amount at least equal to the rent provided for hereunder, LESSEE shall pay and satisfy any deficiency which might exist between the amount of rent herein provided for and that received through such leasing, and all expenses incurred by LESSOR by reasons thereof. LESSOR shall have the right to treat such abandonment or vacation of the premises as a breach of this agreement, and LESSOR may, at its option, enforce any and rights granted to it hereunder including, but not limited to, termination of this lease.

XIX.
TERMINATION ON DEFAULT

In the event LESSEE shall make default in the payment of any installment of rent when due, or in the performance or observance of any of the covenants and conditions herein contained, LESSOR may, at LESSOR's discretion; declare this lease terminated, and LESSOR's agents, officers and representatives shall have the power to immediately enter upon and hold, occupy and repossess by law and expel and remove LESSEE and all persons or property occupying said premises, using such force and means as LESSOR may consider necessary without being liable to LESSEE for any damages that might be considered thereby.

XX.
POSSESSION AT TERMINATION

LESSEE shall at the termination of this lease by lapse of time or otherwise, surrender and yield to LESSOR immediate peaceful possession of the leased premises together with all additions and improvements thereto, in good condition.

XXI.
CUMULATIVE REMEDIES

All rights, interests, privileges and remedies herein contained as well as existing by statute, in law and in equity, shall be cumulative and no exclusive; LESSOR shall have the authority to pursue such rights, remedies and privileges as it desires and in such order as it might elect.

**XXII.
LEGAL CONSTRUCTION**

If it shall be determined that nay of the agreements of provisions hereof are invalid, illegal or unenforceable, the same shall not affect the other terms, covenants or agreements herein contained, and this agreement shall be constructed as if the invalid, illegal or unenforceable provision(s) had never been in the lease.

**XXIII.
BANKRUPTCY**

Neither bankruptcy, insolvency, assignments for the benefit of creditors, not the appointment of a receiver shall affect his lease so long as LESSEE and LESSOR or their respective successors or legal representatives continue to perform all covenants of this lease.

**XXIV.
WAIVER**

No waiver by either party of any default or breach of any covenant, condition or stipulation contained in this lease shall be treated as a waiver or any subsequent default or breach of the same or any other covenant, condition or stipulation of this lease. No act or omission of any official, agent, servant, officer or employee of LESSOR shall act as a waiver of any term or condition herein unless authorized by proper order of the Commissioners Court of Webb County, Texas.

**XXV.
ASSIGNMENTS/SUB-LEASE**

Except as provided herein, LESSEE shall not assign mortgage, pledge or hypothecate all or any portion of this lease or sublet said demised premises in whole or in part or use any portion of said demised premises for any purpose of business other than the purpose for which the

premises are leased as stated above, without first obtaining the written consent of the Commissioners Court of Webb County, Texas.

**XXVI.
PARTIES BOUND**

This agreement shall be binding upon and inure to the benefit of the parties to the lease and the terms hereof shall extend to the assigns of LESSOR, and to the heirs, personal representatives, assigns and subtenants of LESSEE, provided, however, that LESSEE shall not assign or sublet any rights hereunder without previous written consent of LESSOR as hereinabove set out.

**XXVII.
PRIOR AGREEMENTS**

This agreement constitutes the sole and only agreement of the parties to the lease and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this lease.

**XXVIII.
MODIFICATIONS**

This contract may not be modified changed or altered except by written agreement by both parties and approved by the Commissioners Court of Webb County, Texas.

**XXIX.
APPLICABLE LAW & VENUE**

This contract is made and entered into in Laredo, Webb County, Texas, and shall be performable at Laredo, Webb County, Texas. The laws of the State of Texas shall apply to any dispute hereunder, and the exclusive venue for any and all litigation regarding this agreement shall lie in Webb County, Texas.

**XXX.
NOTICES**

Any and all notices required to be given under this contract shall be delivered by either party by personal delivery and/or certified mail return receipt requested and also via e-mail to the respective party as follows:

To Lessor:

Webb County Judge
1000 Houston Street
Laredo, Texas 78040
(956) 523-4600 Webb County Judge's Office
Judge_tano@webbcountytx.gov

Webb County Treasurer
1110 Washington St., Suite #202
Laredo, Texas 78040
(956) 523-4150 Webb County Treasurer's Office
dperales@webbcountytx.gov

To Lessee:

Mr. Cliff Davis d/b/a Rafter D Cattle Company
P. O. Box 439
Carrizo Springs, Texas 78834
(361) 362-8449 / (830) 317-0013
rafterdcattleco@yahoo.com

**XXXI.
LIMITATION OF WARRANTIES**

THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

**XXXII.
MULTIPLE COUNTERPARTS**

This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement; but in making proof of this Agreement, it shall not be necessary to provide or account for more than one such counterpart.

IN WITNESS WHEREOF, Webb County, Texas, as Lessor has caused this instrument to be executed in its behalf by Tano E. Tijerina, its County Judge, duly authorized by the Commissioners Court of Webb County, Texas, and Cliff Davis, d/b/a Rafter D Cattle Company, a sole proprietorship, as of the day set forth herein-below.

LESSEE:

Cliff Davis
Cliff Davis d/b/a
Rafter D Cattle Company
A Sole Proprietorship
Dated: _____

LESSOR:

Tano E. Tijerina
Tano E. Tijerina
Webb County Judge
Dated: July 14, 2017

ATTESTED:

Margie Ramirez-Ibarra
Margie Ramirez-Ibarra
Webb County Clerk



APPROVED AS TO FORM:

Marco A. Montemayor
Marco A. Montemayor
Webb County Attorney*

*By law, the county attorney's office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorney(s).

Passed and approved by the Webb County Commissioners Court
On June 26th, 2017, pursuant to Award of RFP 2017-002
Webb County Agricultural Grazing and Hunting Lease. Item No. 30



June 9, 2017

Clifton J. Davis
Joanna Davis
P.O. Box 439
Carrizo Springs, TX 78834

To Whom It May Concern:

Clifton Davis began a relationship with Capital Farm Credit in May 2006 with an Operating Line for his cattle operation. The line is renewed on an annual basis and is currently going through the renewal process for 2017. Credit in the amount of \$150,000 has been approved and loan papers are out for signature. The line was increased from \$100,000 to \$150,000 this year to account for the potential new lease. The note currently has a minimal balance of approximately \$300. Please see the enclosed Approval Notice and Loan Agreement for more details.

If you need additional information please do not hesitate to call.

Regards,

Brandy Bendele
NMLS 835199
Senior Loan Officer
Capital Farm Credit - Hondo Credit Office

HONDO CREDIT OFFICE
237 19th Street, Hondo, TX 78861
PHONE 830.741.2040 | FAX 830.426.3588 | TOLL FREE 888.218.5507
CapitalFarmCredit.com



**Capital Farm Credit, PCA
 REVOLVING LINE OF CREDIT
 APPROVAL NOTICE AND LOAN AGREEMENT**

Application No. : 20171301535
 Loan No. : 269100110
 Name : Clifton J. Davis
 Association : Capital Farm Credit, PCA
 Branch : Hondo

Capital Farm Credit, PCA whose address is 3000 Briarcrest Dr. Suite 601 Bryan, TX 77802 ("Lender") has approved your application for a loan under the terms and conditions set out below:

DATE OF APPROVAL: June 05, 2017

DATE REVISED:

AMOUNT OF NOTE/RECONCILIATION OF LOAN PROCEEDS:

Amount of Note	\$	\$150,000.00	
Less Stock	\$	0.00	
Less Loan fees	\$	150.00	
Less Renewal Balance	\$	326.18	
Net Proceeds from Lender			\$ 149,523.82

PRINCIPAL REPAYMENT TERM: 1 years 0 month(s)

INSTALLMENT FREQUENCY: Single Pay Due on 06/01/2018

FEES: \$150.00

APPROVAL PERIOD:

This approval is valid through July 20, 2017, after which time it expires. Should this approval be revised, the revision will not extend the approval period beyond the expiration date of the original approval, unless specifically so stated.

INTEREST RATE:

1-MONTH LIBOR RATE: The Note in connection with this loan shall provide for an adjustable interest rate based on 5.3500 % (the "Margin") above the Index. The Index for this loan is 30-Day LIBOR. The interest rate will be adjusted and rounded thereafter as set out in the Note. The beginning interest rate will be 6.4400 % if closing on or before 06/20/2017, otherwise it will be set at closing.

Under certain loan programs you may be able to select a new interest rate prior to loan closing.

Prepayment Fee Yes No

PERSONAL LIABILITY:

This loan shall be evidenced by a Note which shall establish personal liability for repayment of the indebtedness and which must be signed by the following parties:

Clifton J. Davis, Jo Anna Davis

DOCUMENTS:

In addition to the Note and to this Approval Notice and Loan Agreement, the Lender must receive all documents required by it evidencing the agreements and obligations of the parties, each duly and validly executed.

Loan No.: 269100110
Name: Clifton J. Davis
Assn.: Capital Farm Credit, PCA
Branch: Hondo

GENERAL CONDITIONS

DISBURSEMENT OF PROCEEDS

This Loan may be disbursed in 1 or more advances, readvances or disbursements by Lender check, draft or wire transfer subject to available commitment and under conditions established herein and which are to be used for the purposes specified in the loan application. The Lender will have no obligation to make an advance, readvance or disbursement if, in Lender's sole discretion, 1) there is an adverse change in financial condition of borrower, 2) there is an unpaid and/or unreleased Federal Tax Lien filed against a borrower or party granting a security interest in the property securing the loan, 3) the Lender, determines that the value of its security has been materially impaired, 4) an intervening mortgage or other encumbrance has been filed, 5) or if an event of default exists or 6) if a circumstance exists which with the passage of time or the giving of notice would constitute an event of default.

AT-RISK STOCK/PARTICIPATION CERTIFICATES

As a condition to the Lender's Agreement to make the Loan, Borrower(s) agrees to purchase and pay for, or to the transfer of outstanding unretired stock or participation certificates from prior or existing loans in, such amounts of the Lender's capital stock or participation certificates as are required by the Lender's capitalization bylaws and capital plan. If the purchase price of stock or participation certificates is included in the principal balance of the Loan, it shall bear interest as provided in the Note until paid. Borrower(s) further agrees and understands that such capital stock and participation certificates are an at-risk investment and are subject to retirement at the discretion of the Lender's board of directors and may be retired only when the Lender meets the minimum permanent capital standards prescribed by the Farm Credit Administration regulations. Such retirement may require the approval of the Farm Credit Administration.

FINANCIAL STATEMENTS

Current financial and income statements must be provided by Borrower(s) upon notification from the Lender.

FUNDS HELD/FUTURE PAYMENT FUND

Funds may be placed with the Lender under various advance conditional payment programs. These funds will earn interest at rates established by the Lender, and may vary at its discretion.

INCORPORATION OF TERMS

The terms and conditions of this Approval Notice and Loan Agreement may be incorporated into the deed(s) of trust, mortgage(s), security agreement(s) and other security documents taken by the Lender as collateral for the Loan. Any default in the terms and conditions of this Loan Agreement or Borrower(s) failure to meet any condition(s) established herein shall constitute a default in the security documents.

FALSE STATEMENTS

It should be understood that the Lender reserves the right to decline the completion of this loan in the event that the information and representations in the loan application be found to be false or materially misleading, should any other indebtedness of Borrower(s) be in default prior to closing or should any of the conditions set out herein not be met. In such event, the Lender shall not be liable for any expenses or loss, whether real or consequential, incurred by Borrower(s).

VARIABLE INTEREST RATE PERIOD

During any time period when the variable interest rate is chargeable, it shall be established by the Lender.

PRIVACY NOTICE

NOTICE: Farm Credit Administration (FCA) Regulations require the Lender and/or any agent to protect the confidentiality of all information regarding a borrower's character, credit standing, and property. Accordingly, the Lender and/or any agent may not exhibit or quote your confidential information to third parties except with your written consent or under other very limited circumstances set forth in the regulations. The regulations permit the Lender to share your confidential information with Lender's affiliates/associations/entities for the purposes of extending credit, providing related services, or collecting loans, and permit the Lender and/or any agent to provide loan pay-off information to bona fide third party lien-holders. These regulations also permit the Lender and/or any agent to release lists of borrowers to persons who deal in farm products or livestock for the purposes of complying with the Food Security Act of 1985 and to release lists of stockholders to other stockholders for the purposes of communicating on matters relating to the business operations of the Lender and/or any agent. The full text of the regulations may be found at Title 12, Part 618, Subpart G, Sections 618.8300-618.8330 of the Code of Federal Regulations, which is accessible at the FCA web-site www.fca.gov, or is available from the Lender and/or any agent upon written request.

TAXES

All taxes or other assessments on the property which are due and payable are to be paid at or prior to closing.

INSURANCE

If flood, fire and extended coverage, or other insurance is required to be maintained covering the insurable buildings specified, an acceptable policy containing mortgagee clause in favor of the Lender as mortgagee is to be furnished. The amount of insurance required is the minimum amount set for the protection of the Lender. You may wish to carry additional insurance so as to have full protection.

BORROWER COSTS

The costs of abstracts, title examination, and/or title insurance, fire and extended coverage insurance, required environmental audits, if any, and recording fees are to be paid by you. Closed loan fees payable by Borrower(s) will be financed unless otherwise requested by Borrower(s) and may be subject to change.

Loan No.: 269100110
Name: Clifton J. Davis
Assn.: Capital Farm Credit, PCA
Branch: Hondo

ENVIRONMENTAL DISCLOSURE

By execution hereof, the Borrower(s) represent and warrant to Lender that Borrower(s) have made Lender aware of any contamination of, or of the existence of any environmental hazards upon, the security for the loan of which they are aware.

SUBSEQUENT TRANSFER

Lender intends to retain ownership of the Loan, but in the event that Lender transfers the Loan to another holder that is not a F.C.S. institution, that holder will be obligated by the agreement to accept the transfer of the Loan to abide by the same borrower rights provisions of the Farm Credit Act of 1971, as amended, as a qualified lender is then obligated to provide under the Act, unless the borrower has consented to the sale and agreed to waive the borrower's statutory borrower rights.

COPY OF APPRAISAL REPORT

The following disclosure applies if the loan is to be 1) for any purpose and secured by a first lien on your dwelling or 2) for a consumer purpose, secured by any lien on your principal dwelling, and with an interest rate that is higher than certain average rates in the market:

THE ASSOCIATION MAY ORDER AN APPRAISAL TO DETERMINE THE PROPERTY'S VALUE AND CHARGE YOU FOR THIS APPRAISAL. THE ASSOCIATION WILL PROMPTLY GIVE YOU A COPY OF ANY APPRAISAL, EVEN IF YOUR LOAN DOES NOT CLOSE.

YOU CAN PAY FOR AN ADDITIONAL APPRAISAL FOR YOUR OWN USE AT YOUR OWN COST.

TERRITORIAL CONCURRENCE

This Approval is subject to territorial concurrence, if necessary, from any and all relevant Farm Credit institutions.

SECURITY:

It is understood that any security must be of a value to support this loan.

Unless otherwise agreed to by Lender in writing, Borrower agrees to promptly account for and pay to Lender all of the proceeds of any disposition of collateral securing the loan, which proceeds shall be subject to application to the Loan in Lender's sole discretion. Failure of Borrower to pay and account for proceeds of such disposition of collateral shall constitute a default under this Approval Notice and Loan Agreement, the Note and the Loan Documents.

OTHER CONDITIONS:

In addition to any default provisions contained herein or contained in any associated loan documents, I will also be in default if I fail to operate in a husbandlike manner.

AGREEMENT TO PATRONAGE DISTRIBUTION

Being a Stockholder of Capital Farm Credit, ACA (Association) has many benefits. One of those benefits is that the Association, under the direction and at the discretion of its Board of Directors, may elect to share its earnings with its Stockholders by paying patronage distributions.

As a stockholder of the Association, I hereby consent that the amount of any distribution with respect to my patronage of the Association occurring after January 1, 1997, which is paid in cash, a qualified written notice of allocation or other property [in accordance with 26 U.S.C. 1385(a)] and which is received by the undersigned from the Association, will be taken into account as income by me at the stated dollar amount of such allocation, in the manner provided for in 26 U.S.C. 1385 (a), in the taxable year in which such written notices of allocation are received by me.

The Association may, at its option, apply the amount of any cash distribution to my indebtedness rather than making disbursements to me. In that event, I agree to take into account that amount as income just as though it were received by me.

Unless otherwise directed on the Patronage Account Main Holder Form, power of attorney is hereby given to the primary applicant to act for and on behalf of all account co-holders in all matters pertaining to the Loan, including the right to vote the Association stock and to receive payment of dividends or patronage and the proceeds of refunded stock or participation certificates as well as the distribution or retirement of any allocated or unallocated equities. In the event of a conflict with regard to who is authorized to act on behalf of the stockholders in this regard, the Association may pay such proceeds to any account co-holder and the account co-holder agrees to indemnify the Association against any claims, costs, loss or expenses relating to said payment.

LIMITED PARTITION & SURVIVORSHIP AGREEMENT

THAT, for and in consideration of the sum of \$10.00 cash, and the further consideration of the mutual benefits to be derived by this agreement, the receipt and sufficiency of which is hereby severally acknowledged, the undersigned, as spouses, and by virtue and pursuant to the Texas Family Code, and the Texas Estates Code, both as amended; do hereby convey each to the other all of their undivided interests in and to the below described Association stock or participation certificates as their respective separate property and each represents to the other that this is an equal and fair partition of said interest.

The undersigned hereby enter into this agreement, for and in consideration of the mutual agreement set out above, do hereby agree to and authorize the purchase, issuance, or reissuance of any stock or participation certificates in the names alternatively of each of us "joint tenants with right of survivorship," and for any dividends, distributions or refunds on said stock or participation certificates to be paid in a like manner; said stock or participation certificates as carried on the books of Capital Farm Credit, ACA.

RECEIPT OF DOCUMENTS

By signing below, I hereby acknowledge that I was furnished a copy of the booklet or Form 574 explaining the nature of my investment in the Association stock or participation certificates and disclosing the benefits and risks associated with this investment. I further acknowledge that I

Loan No.: 269100110
Name: Clifton J. Davis
Assn.: Capital Farm Credit, PCA
Branch: Hondo

have received the Association's most recent annual and (if applicable) quarterly report and a copy of its capitalization bylaws. I understand that I have a right to receive copies of all documents which I have signed in connection with the Loan and I acknowledge that I have received such copies.

MISCELLANEOUS

Borrower(s) agree Lender may apply payments to principal, interest and other items in the amounts billed on the statement of accounts or other such billing notice, regardless of whether Borrower(s) remit the payment before the due date.

PAYMENT OF PROCEEDS

Borrower agrees to account for and to pay to the Association for the proceeds of any disposition of collateral securing the Loan or any Additional Advances immediately upon such disposition. Failure of Borrower to pay and account for proceeds of such disposition of collateral shall constitute default under this Loan Agreement and the Note.

COLLATERAL MARGIN

Collateral margin must not fall below 20% at any time during the loan term.

CATTLE

Borrower agrees to use a recorded brand, or tag cattle for easy identification and to immediately notify Lender of any abnormal death losses of livestock.

VOTER DESIGNATION

Clifton J. Davis is hereby designated to act on behalf of the undersigned joint stockholders to carry out any voting privileges associated with stock ownership related to this loan or any other loan in accordance with the Association's bylaws. This designation replaces and supersedes any previous designation.

CREDIT LIFE INSURANCE

I understand that credit life and disability insurance may be available through the Association subject to the eligibility requirements of the insurance company. If such insurance is required as a condition of my loan, I understand that I (we) may choose to purchase that insurance from a source other than this Association.

_____ I do not request credit life insurance.
_____ I do request Credit Life Insurance in the amount of \$ _____.

After a loan has been granted to me and life insurance has been effected, and my loan is extended, or increased, or becomes delinquent, I do hereby request and authorize the Capital Farm Credit, ACA at its option, to have my life insurance continue for the amount of the original insurance or for any increases, so long as the amount does not exceed my total loan commitments or the limit of insurance that I am eligible to buy at my age.

FINANCING STATEMENT, SECURITY AGREEMENT, AND/OR CERTIFICATE(S) OF TITLE

Financing Statements, Security Agreements and Certificates of Title (as Applicable) to be obtained on: All livestock now owned and hereafter acquired, including but not limited to: see Security Agreement Exhibit A; along with replacements, accessions, substitutions and the progeny thereof as well as the proceeds from the sale of or disposition of said security; together with any of Lender's loan funds disbursed into a "Pending Disbursement Account" maintained by Lender on behalf of Borrower; together with any of Borrower's funds maintained in a "Cash Collateral Account" by Lender on behalf of Borrower; together with any of Borrower's funds maintained in an "Advance Conditional Payment Account" by Lender on behalf of Borrower and pledged as collateral to the Association. This does not negate any rights of the Association given by the written Advance Conditional Payment Agreement signed by the Borrower.

Any financing statement filed by any other secured party covering any property securing, or intending to secure, this loan shall be terminated or subordinated to Lender's lien, to the satisfaction of the Lender.

SPECIAL PROVISIONS: THIS LOAN APPROVAL NOTICE AND LOAN AGREEMENT IS ALSO SUBJECT TO THE GENERAL CONDITIONS INCLUDED HERewith AND THE REPRESENTATIONS CONTAINED IN YOUR APPLICATION FOR THE LOAN. THIS LOAN APPROVAL NOTICE AND LOAN AGREEMENT TAKES THE PLACE OF ANY PREVIOUS NOTICE THAT MAY HAVE BEEN ISSUED.

ACCEPTED AND AGREED:

Where context so indicates, a word in the singular form shall include the plural.

(All parties who sign the note will be required to sign this Loan Approval and Loan Agreement at closing.)

This loan shall be evidenced by a Note which shall establish personal liability for repayment of the indebtedness and which must be signed by the following parties ("Borrower(s)"):

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.

Loan No.: 269100110
Name: Clifton J. Davis
Assn.: Capital Farm Credit, PCA
Branch: Hondo

Clifton J. Davis

Jo Anna Davis

BY: 
Brandy Bendele
TITLE: Senior Loan Officer

Capital Farm Credit, PCA

NMLS ID: 493828

Brandy Bendele

NMLS ID: 835199

**** ORIGINAL TO BE EXECUTED AT CLOSING ****



TEXAS FARM BUREAU INSURANCE COMPANIES

TEXAS FARM BUREAU CASUALTY INSURANCE COMPANY FARM BUREAU COUNTY MUTUAL INSURANCE COMPANY OF TEXAS
 TEXAS FARM BUREAU MUTUAL INSURANCE COMPANY SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY
 TEXAS FARM BUREAU UNDERWRITERS

519185
 IMPORTANT NOTICE

Date: 07-27-2017

7420 FISH POND RD • WACO TX 76710-1010 • (254) 772-3030 • MAILING ADDRESS: PO BOX 2689 • WACO TX 76702-2689

CERTIFICATE OF INSURANCE FOR INFORMATION PURPOSES ONLY

CERTIFICATE HOLDER NAME AND MAILING ADDRESS **POLICY PERIOD** FROM 07-10-2017
 TO 01-27-2018

WEBB COUNTY TREASURER
 1110 WASHINGTON ST
 LAREDO TX 78040-4463



This is to certify that the policy (including endorsements) of insurance, as described below, has been issued by the undersigned, to the Insured named below and is in force at this time. If cancelled at the request of either party, or changed in any manner for any reason during the period of coverage, as stated herein, so as to affect this Certificate, 10 days prior written notice will be given by this Insurance company to the Certificate Holder named above.

The TEXAS FARM BUREAU CASUALTY INSURANCE COMPANY of Waco, Texas hereby certifies that the following described policy has been issued and is in force and effect.

INSURED NAME AND MAILING ADDRESS	DESCRIPTION OF RISK
CLIFTON JOHN DAVIS PO BOX 439 CARRIZO SPRINGS TX 78834-6439	FARMING

PUBLIC LIABILITY	BODILY INJURY/PROPERTY DAMAGE	
<input type="checkbox"/> Commercial General Liability	\$	EACH OCCURRENCE
<input type="checkbox"/> Premises and Operations	\$	AGGREGATE
<input type="checkbox"/> Contractors Protective		
<input type="checkbox"/> Products - Completed Operations		
<input type="checkbox"/> Contractual - Designated Contracts Only		
<input type="checkbox"/> Excludes Explosion, Collapse and Underground Property Damage Hazard		
AUTOMOBILE LIABILITY		
<input type="checkbox"/> Fleet	\$	
<input type="checkbox"/> Specific Automobiles Only	\$	
<input type="checkbox"/> Non-Ownership and Hired Automobiles	\$	
FARM LIABILITY	\$ 1,000,000	EACH OCCURRENCE
	\$ 2,000,000	AGGREGATE
PERSONAL LIABILITY		
<input type="checkbox"/> Homeowners	\$	EACH OCCURRENCE
<input type="checkbox"/> Farm and Ranch Owners	\$	EACH OCCURRENCE
UMBRELLA LIABILITY	\$	EACH OCCURRENCE
	\$	AGGREGATE

S 07-1B-2012 (FDCCOI - FDCCOI)

This Certificate of Insurance neither affirmatively nor negatively amends, extends, or alters the coverage or any provision afforded by the policy. This Certificate is executed and issued in duplicate by the aforesaid Company.



TEXAS
FARM
BUREAU
INSURANCE®
AUTO / HOME / LIFE

TEXAS FARM BUREAU CASUALTY INSURANCE COMPANY
PO BOX 2689 • WACO TX 76702-2689

POLICY NUMBER
519185

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
FARM LIABILITY COVERAGE FORM

INSURED CLIFTON JOHN DAVIS
PO BOX 439
CARRIZO SPRINGS TX 788346439

THIS ENDORSEMENT FORMS A PART OF
POLICY (NUMBER SHOWN ABOVE) ISSUED
TO INSURED (SHOWN AT LEFT) BY THE
COMPANY (SHOWN ABOVE) AND IS
EFFECTIVE FROM

07/10/17 TO 01/27/18

12:01 A.M. Standard Time

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED -- DESIGNATED PREMISES ONLY

SCHEDULE*

NAME(S) AND MAILING ADDRESS(ES) OF PERSON(S) OR ORGANIZATIONS(S):

WEBB COUNTY TREASURER

LOCATION OF PREMISES:

6M E ENCINAL, TX ON N & S SIDE
OF HWY 44-8800 ACRES

- A. THE DEFINITION OF "INSURED" IS AMENDED TO INCLUDE THE PERSON(S) OR ORGANIZATION(S) NAMED IN THE SCHEDULE, BUT ONLY WITH RESPECT TO THE OWNERSHIP, MAINTENANCE OR USE OF THE PREMISES DESIGNATED IN THE SCHEDULE AND OPERATIONS NECESSARY OR INCIDENTAL TO THOSE PREMISES.
- B. INSURANCE WITH RESPECT TO THE PERSON(S) OR ORGANIZATION(S) NAMED IN THE SCHEDULE DOES NOT APPLY TO "BODILY INJURY" TO ANY "RESIDENCE EMPLOYEE" OF THAT PERSON OR ORGANIZATION WHEN THE "BODILY INJURY" ARISES OUT OF OR IN THE COURSE OF THAT EMPLOYEE'S EMPLOYMENT BY THE PERSON OR ORGANIZATION.

*INFORMATION REQUIRED TO COMPLETE THIS SCHEDULE, IF NOT SHOWN ON THIS ENDORSEMENT, WILL BE SHOWN IN THE DECLARATIONS.

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