

**COMMISSIONERS' COURT
SPECIAL MEETING
MARCH 1, 1999**

BE IT REMEMBERED THAT THE TITUS COUNTY COMMISSIONERS' COURT met in *Special Session* on Monday, March 1, 1999 in the Titus County Courtroom with the following members present.:

DANNY P. CROOKS.....COUNTY JUDGE
MIKE PRICE.....COMMISSIONER PRECINCT 1
MIKE FIELDS.....COMMISSIONER PRECINCT 2
BILLY J. THOMPSON.....COMMISSIONER PRECINCT 3
THOMAS E. HOCKADAY.....COMMISSIONER PRECINCT 4
SHERRY MARS.....COUNTY CLERK

ABSENT: NONE

PUBLIC AND COUNTY OFFICIALS ATTENDING MEETING:

CARL JOHNSON, AUDITOR
TIM TAYLOR, COUNTY ATTORNEY

ANN RUNDLE

IN THE MATTER OF
CONSIDERING THE SALE OF COUNTY PROPERTY
AND PURCHASE OF REAL ESTATE

County Attorney Tim Taylor asked, "The Commissioner's Court for a resolution to approve the contract, to authorize the exchange and to allow the County Judge to sign all necessary papers."

Motion was made by Commissioner Mike Price and seconded by Commissioner Thomas E. Hockaday to approve a resolution to authorize the exchange and to allow the County Judge to sign all necessary papers. Motion carried unanimously. *SEE ATTACHMENT "A"*

IN THE MATTER OF
ADJOURNMENT

Motion was made by the Commissioner Mike Fields and seconded by Commissioner Thomas E. Hockaday to adjourn. Motion carried unanimously.

**Titus County Commissioners' Court****Mt. Pleasant, Texas**

RESOLUTION

KNOW ALL MEN BY THESE PRESENTS: THAT ON THIS, the 22nd day of February, 1999, the Commissioners Court of Titus County, Texas, met in duly called session at the Courthouse in Mt. Pleasant, Texas, and among other business, the Court considered the following Resolution:

The farming, ranching, and agriculture we have today in Texas and in the United States is unique. No nation has ever had so few people actively engaged in farming and ranching. This is a profound social change that has isolated most people from rural life and from an appreciation of the complexities and uncertainties of food production. For the most part, people take agricultural production for granted. Our Society has had no experience with true food scarcity. Our supermarkets always have full shelves and food is cheap. Today we spend only 10 percent of our income on food. In 1950 we spent 22 percent of our income on food and in 1935 a moderate income family in Texas spent 47% of their total living on food. In the past it took much more.

What do the various players - banking, government and agriculture - need to do to succeed in a rapidly changing environment? Agriculture is a 45 billion dollar industry in Texas. Agriculture is important not only to our state's food supply, but also to our economic well-being.

WHEREAS, the past three years of unprecedented weather disasters coupled with very low commodity prices have placed our farmers and ranchers in a situation where in they have been unable to sustain production, supply, financing or profit; and

WHEREAS, as price volatility, environmental and food safety regulations, production variability, insects, diseases, water availability (cost and quality), inability to match "price supported" foreign competition, lack of lender commitment to agriculture, weakening collateral values, cost of credit, property rights, spiraling cost of boll weevil programs, increased machinery costs have blended together to create a situation wherein Texas Farmers and Ranchers are unable to sustain production, supply, financing or profit; Now

THEREFORE, BE IT RESOLVED that the Titus County Commissioners Court supports and urges the state of Texas to adopt laws and/or policies that would accomplish the following:

Resolution
Page 2

1. The State of Texas will create a program that would pay all (or a significant part of) the cost of crop insurance for a three year period, commencing in the year 2000.
2. The State of Texas should take immediate action to insulate local producers from the unfairness of competing with foreign producers which greatly benefit from no regulation and an absence of labor costs.
3. The State of Texas should lead the way in forming a working partnership with banks (and other lending institutions), farmers/ranchers and state government that would guarantee a certain percentage of farm/ranch loans to those who can qualify.

RESOLVED THIS 22nd day of February, 1999.



DANNY P. BROOKS, TITUS COUNTY JUDGE



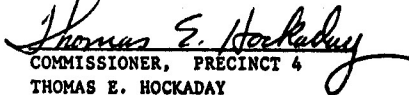
COMMISSIONER, PRECINCT 1
MIKE PRICE



COMMISSIONER, PRECINCT 2
MIKE FIELDS

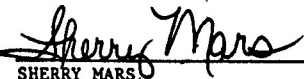


COMMISSIONER, PRECINCT 3
THOMAS E. HOCKADAY



COMMISSIONER, PRECINCT 4
THOMAS E. HOCKADAY

ATTEST:



SHERRY MARS
TITUS COUNTY CLERK

Two Party Exchange Agreement—Like-Kind Property With Boot

REAL PROPERTY EXCHANGE AGREEMENT

THIS REAL PROPERTY EXCHANGE AGREEMENT ("Agreement") dated February __, 1999, is between TITUS COUNTY, TEXAS [referred to in this agreement as "First Party" or, if there is more than one party, collectively referred to in this agreement as "First Party"] and BILLY CRAIG AND WIFE, MARTHA CRAIG [referred to in this agreement as "Second Party" or, if there is more than one party, collectively referred to in this agreement as "Second Party"].

In consideration of the premises, mutual covenants, and agreements contained in this Agreement, First Party and Second Party covenant and agree as follows:

ARTICLE 1

EXCHANGE

Agreement to Exchange

1.01. Subject to the terms, provisions, and conditions set forth in this Agreement, First Party agrees to convey to Second Party the property described as follows: ALL THAT CERTAIN TRACT OR PARCEL OF LAND SITUATED IN TITUS COUNTY, TEXAS BEING A PART OF BLOCK 13 AS SHOWN ON THE 1929 OFFICIAL MAP OF MT. PLEASANT, TEXAS, AND BEING KNOWN AND DESIGNATED AS LOTS 2 & 3, BLOCK 13, together with all and singular the rights and appurtenances pertaining to the property to be conveyed to Second Party, including any right, title, and interest of First Party in and to adjacent streets, alleys, or rights-of-way, and any improvements, fixtures, and personal property situated on and attached to the property to be conveyed to Second Party (all of the property, rights, and appurtenances that First Party agrees to convey referred to as "Property A"). Subject to the terms, provisions, and conditions set forth in this Agreement, Second Party agrees to convey to First Party the property described in Exhibit A attached to and made a part of this agreement, together with all and singular the rights and appurtenances pertaining to the property to be conveyed to First Party, any right, title, and interest of Second Party in and to adjacent streets, alleys, or rights-of-way, and any improvements, fixtures, and personal property situated on and attached to the property to be conveyed to First Party (all of the property, rights, and appurtenances that Second Party agrees to convey referred to as "Property B").

Value of Property A

1.02. The value of Property A for purposes of this Agreement shall be \$ 100,000.⁰⁰ [value of Property A], subject to adjustment as provided in Article 4.

Value of Property B

1.03. The value of Property B for purposes of this Agreement shall be \$ 125,000.⁰⁰ [value of Property B], subject to adjustment as provided in Article 5.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF FIRST PARTY

First Party represents and warrants to Second Party the following:

[Add if First Party is corporation or partnership]

Organization

2.01. First Party is a Governmental Entity duly organized, validly existing, and in good standing

under the laws of the state of Texas, duly qualified to carry on its business in the state of Texas.

Power and Authority

2.02. First Party has all requisite power and authority to carry on its business as presently conducted, to enter into this Agreement, and to perform its obligations under this Agreement, including the conveyance described in Paragraph 1.01. The execution, delivery, and performance of this Agreement and the transactions described in this Agreement have been duly and validly authorized by all requisite action on the part of First Party. The execution, delivery, and performance of this Agreement and the transactions described in this Agreement will not violate or be in conflict with any provision of the governing documents of First Party], or any provision of any agreement or instrument to which First Party is a party or by which First Party is bound, or any statute, law, rule, regulation, judgment, decree, order, writ, or injunction applicable to First Party.

Binding Obligation

2.03. This Agreement has been duly executed and delivered on behalf of First Party. This Agreement constitutes a legal, valid, and binding obligation of First Party.

Parties in Possession

2.04. Except for First Party, there are no parties in possession of any portion of Property A, whether as lessees, tenants at sufferance, trespassers, or otherwise.

Legal Actions

2.05. No suit, action, or other proceeding, including, without limitation, a condemnation or similar proceeding or assessment, is pending or threatened in any court or governmental agency against all or any part of Property A.

Contracts and Agreements

2.06. There are no contracts or agreements to which First Party is a party that affect the value or marketability of Property A other than as filed for record.

Compliance With Law

2.07. First Party has complied with all applicable laws, ordinances, regulations, statutes, rules, and restrictions relating to all or any part of Property A.

Utilities

2.08. There are water, sewer, and electricity lines to Property A that are available for use by Second Party.

Access

2.09. There is full and free access to Property A to and from public highways, streets, or roads.

Real Estate Commissions

2.10. First Party has not incurred any liability for brokerage fees or agents' commissions in connection with this agreement other than as provided in Article 9.

Validity at Closing

2.11. The representations and warranties of First Party shall be true on the date of the Closing.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SECOND PARTY

Second Party represents and warrants to the First Party the following:

[Add if Second Party is corporation or partnership]

Organization

3.01. Second Party is a Individual.

Parties In Possession

3.02. Except for Second Party, there are no parties in possession of any portion of Property B, whether as lessees, tenants at sufferance, trespassers, or otherwise.

Legal Actions

3.03. No suit, action, or other proceeding, including, without limitation, a condemnation or similar proceeding or assessment, is pending or threatened in any court or governmental agency against all or any part of Property B.

Contracts and Agreements

3.04. There are no contracts or agreements to which Second Party is a party that affect the value or marketability of Property B other than as filed for record.

Compliance With Law

3.05. Second Party has complied with all applicable laws, ordinances, regulations, statutes, rules, and restrictions relating to all or any part of Property B.

Utilities

3.06. There are water, sewer, and electricity lines to Property B that are available for use by First Party.

Access

3.07. There is full and free access to Property B to and from public highways, streets, or roads.

Real Estate Commissions

3.08. Second Party has not incurred any liability for brokerage fees or agents' commissions in connection with this agreement other than as provided in Article 9.

Validity at Closing

3.09. The representations and warranties of Second Party shall be true on the date of the Closing.

ARTICLE 4
SURVEY, INSPECTION, AND TITLE TO PROPERTY A

Survey

4.01. No surveys are required.

Inspection

4.02. Within 7 days of the date of this Agreement, Second Party shall have the right to:

- (a) enter and inspect all or any part of Property A;
- (b) conduct soil analysis, core drilling, or other tests of the surface or subsurface of Property A, provided that the tests do not unreasonably interfere with First Party's use of Property A; and
- (c) conduct an inventory of all personal property and fixtures on Property A.

First Party shall make all reasonable efforts to cooperate with Second Party's inspection of Property A.

Title Examination

4.03 Within 15 days of the date of this Agreement, First Party shall cause to be delivered to Second Party a preliminary title report covering Property A prepared by TITUS COUNTY TITLE COMPANY.

Property Defects

4.04. Within 20 days of the date of this Agreement, Second Party shall notify First Party in writing of all defects pertaining to Property A. First Party shall use all reasonable efforts to cure or eliminate all defects identified by Second Party. In the event that the notice of defects does not include any significant defects, as defined below, the parties may proceed with the Closing provided in Article 8. In the event that the notice of defects includes significant defects, First Party shall notify Second Party within 10 days of receipt of the notice of defects specifying the acts taken to cure the significant defects and shall provide Second Party with copies of all instruments pertaining to the cure of the significant defects. If no significant defect remains after the notice from First Party to Second Party, the parties may proceed with the Closing provided in Article 8. If any significant defect remains after the notice from First Party to Second Party, within 5 days after Second Party's receipt of notice from First Party, Second Party shall notify First Party of Second Party's election to terminate this Agreement or to waive the remaining significant defects and proceed with the Closing provided in Article 8. In the event that a party fails to comply with a provision in this paragraph, the other party may elect to terminate this Agreement or to waive the failure and proceed with the Closing provided in Article 8. The term "significant defect" means an adverse and material lien, mortgage, claim, obligation, encumbrance, title defect, or condition, that, either alone or in combination with other defects, results in the unmarketability of title or that would unreasonably interfere with the intended use of the property.

ARTICLE 5
SURVEY, INSPECTION, AND TITLE TO PROPERTY B

Survey

5.01. No survey is required.

Inspection

5.02. Within 7 days of the date of this Agreement, First Party shall have the right to:

- (a) enter and inspect all or any part of Property B;
- (b) conduct soil analysis, core drilling, or other tests of the surface or subsurface of Property B, provided that the tests do not unreasonably interfere with Second Party's use of Property B; and
- (c) conduct an inventory of all personal property and fixtures on Property B.

Second Party shall make all reasonable efforts to cooperate with First Party's inspection of Property B.

Title Examination

5.03. Within 15 days of the date of this Agreement, Second Party shall cause to be delivered to First Party a preliminary title report covering Property B prepared by TITUS COUNTY TITLE COMPANY.

Property Defects

5.04. Within 20 days of the date of this Agreement, First Party shall notify Second Party in writing of all defects pertaining to Property B. Second Party shall use all reasonable efforts to cure or eliminate all defects identified by First Party. In the event that the notice of defects does not include any significant defects, as defined below, the parties may proceed with the Closing provided in Article 8. In the event that the notice of defects includes significant defects, Second Party shall notify First Party within 10 days of receipt of the notice of defects specifying the acts taken to cure the significant defects and shall provide First Party with copies of all instruments pertaining to the cure of the significant defects. If no significant defect remains after the notice from Second Party to First Party, the parties may proceed with the Closing provided in Article 8. If any significant defect remains after the notice from Second Party to First Party, within 5 days after First Party's receipt of notice from Second Party, First Party shall notify Second Party of First Party's election to terminate this Agreement or to waive the remaining significant defects and proceed with the Closing provided in Article 8. In the event that a party fails to comply with a provision in this paragraph, the other party may elect to terminate this Agreement or to waive the failure and proceed with the Closing provided in Article 8. The term "significant defect" means an adverse and material lien, mortgage, claim, obligation, encumbrance, title defect, or condition, that, either alone or in combination with other defects, results in the unmarketability of title or unreasonably interferes with the intended use of the property.

ARTICLE 6

USE OF PROPERTY

Use of Property A

- 6.01. During the period from the date of this Agreement to the date of the Closing, First Party shall:
- (a) use all reasonable efforts to cause Property A to be used, maintained, and operated in a manner consistent with the use of Property A on the date of this Agreement;
 - (b) not commence any activity on Property A except for emergencies, activities required by law, and activities required under contracts in existence on the date of this Agreement;
 - (c) promptly notify Second Party of any suit, action, or any legal proceeding involving all or any part of Property A that arises prior to the date of the Closing with respect to which First Party receives actual notice; and
 - (d) promptly notify Second Party of any matter that arises prior to the date of the Closing that materially affects the value of Property A with respect to which First Party becomes aware.

Use of Property B

6.02. During the period from the date of this Agreement to the date of the Closing, Second Party shall:

- (a) use all reasonable efforts to cause Property B to be used, maintained, and operated in a manner consistent with the use of Property B on the date of this Agreement;
- (b) not commence any activity except for emergencies, activities required by law, and activities required under contracts in existence on the date of this Agreement;
- (c) promptly notify First Party of any action, suit, or any legal proceeding involving all or any part of Property B that arises prior to the date of the Closing with respect to which Second Party receives actual notice; and
- (d) promptly notify First Party of any matter that arises prior to the date of the Closing that materially affects the value of Property B with respect to which Second Party becomes aware.

ARTICLE 7

PROPERTY LOSS

Loss of Property A

7.01. If all or any part of Property A is destroyed by fire or other casualty or is taken in condemnation or eminent domain proceedings prior to the Closing, Second Party may elect to terminate this Agreement under Article 12 or, subject to the other provisions of this Agreement, to receive credit for the value of the loss and proceed with the Closing under Article 8.

Loss of Property B

7.02. If all or any part of Property B is destroyed by fire or other casualty or is taken in condemnation or eminent domain proceedings prior to the Closing, First Party may elect to terminate this Agreement under Article 12 or, subject to the other provisions of this Agreement, to receive credit for the value of the loss and proceed with the Closing under Article 8.

ARTICLE 8

CLOSING

Conditions to First Party's Obligations at Closing

8.01. The obligations of First Party at the Closing are subject to the satisfaction of the following conditions:

- (a) all representations and warranties of Second Party in this Agreement shall be true in all material respects;
- (b) Second Party shall have performed and satisfied all covenants and agreements required by this Agreement in all material respects; and
- (c) First Party shall have received from Second Party an "estoppel letter" signed by the holders of any existing indebtedness secured by Property B, stating:
 - (i) that as of the date of the Closing no default exists under any promissory note, deed of trust, mortgage, or other instrument securing the payment of the indebtedness;
 - (ii) that all installments of principal and interest payable to the date of the Closing have been paid;

(iii) the amount of the unpaid balance of any indebtedness secured by Property B; and

(iv) that there have been no modifications or amendments to any promissory note, deed of trust, mortgage, or other instrument securing the indebtedness.

Conditions to Second Party's Obligations at Closing

8.02. The obligations of Second Party at the Closing are subject to the satisfaction of the following conditions:

(a) all representations and warranties of First Party in this Agreement shall be true in all material respects;

(b) First Party shall have performed and satisfied all covenants and agreements required by this Agreement in all material respects; and

(c) Second Party shall have received from First Party an "estoppel letter" signed by the holders of any existing indebtedness secured by Property A, stating:

(i) that as of the date of the Closing no default exists under any promissory note, deed of trust, mortgage, or other instrument securing the payment of the indebtedness;

(ii) that all installments of principal and interest payable to the date of the Closing have been paid;

(iii) the amount of the unpaid balance of any indebtedness secured by Property B; and

(iv) that there have been no modifications or amendments to any promissory note, deed of trust, mortgage, or other instrument securing the indebtedness.

Date of Closing

8.03. Subject to the conditions of Paragraphs 8.01 and 8.02 and the termination provisions of Article 12, the closing ("Closing") shall occur on or before 10 days after the later of the dates that Paragraphs 4.04 and 5.04 authorize the parties to proceed with the Closing. In the event that the conditions of Paragraph 8.01 have not been satisfied on the scheduled date of the Closing, First Party may elect to extend the date of the Closing for a period of 5 days. In the event that the conditions of Paragraph 8.02 have not been satisfied on the scheduled date of the Closing, Second Party may elect to extend the date of the Closing for a period of 5 days.

Place of Closing

8.04. The Closing shall be held at the offices of TITUS COUNTY TITLE COMPANY.

Credits to First Party at Closing

8.05. First Party shall be credited with the following at the Closing:

(a) all expenses, including, without limitation, insurance premiums, utility charges, property taxes, and interest on existing indebtedness, attributable to Property A that are paid by First Party prior to the date of the Closing and that are attributable to the period after the date of the Closing in accordance with generally accepted accounting principles;

(b) the amount of any property loss of Property B as described in Paragraph 7.02;

(c) the amount of any proceeds or rents received by Second Party that are attributable to Property B for the period after the date of the Closing in accordance with generally accepted accounting principles; and

(d) the amount of any unpaid property tax attributable to Property B for the period prior to the date of the Closing.

Credits to Second Party at Closing

8.06. Second Party shall be credited with the following at the Closing:

(a) all expenses, including, without limitation, insurance premiums, utility charges, property taxes, and interest on existing indebtedness, attributable to Property B that are paid by Second Party prior to the date of the Closing and that are attributable to the period after the date of the Closing in accordance with generally accepted accounting principles;

(b) the amount of any property loss of Property A as described in Paragraph 7.01;

(c) the amount of any proceeds or rents received by First Party that are attributable to Property A for the period after the date of the Closing in accordance with generally accepted accounting principles; and

(d) the amount of any unpaid property tax attributable to Property A for the period prior to the date of the Closing.

Obligations at Closing

8.07. At the Closing, the following events shall occur, each being a condition precedent to the other events and each being deemed to have occurred simultaneously with the other events:

(a) First Party shall deliver to Second Party a duly executed and acknowledged general warranty deed in a form acceptable to Second Party's counsel conveying good and marketable title in fee simple to all of Property A, free and clear of any and all liens, encumbrances, conditions, easements, assessments, and restrictions.

(b) First Party shall deliver to Second Party a Texas Owner's Title Policy at First Party's sole expense, issued by TITUS COUNTY TITLE COMPANY in Second Party's favor in the full amount of the value of Property A determined under Paragraph 4.01, insuring Second Party's fee simple title to Property A subject only to those title exceptions listed in subparagraph (a) above, and the standard printed exceptions contained in the usual form of Texas Owner's Title Policy, provided, however:

(i) the boundary and survey exceptions shall be deleted;

(ii) the exception as to restrictive covenants shall be endorsed "None of Record"; and

(iii) the exception as to the lien for taxes shall be limited to the year of closing and shall be endorsed "Not Yet Due and Payable."

(c) First Party shall deliver to Second Party exclusive possession of Property A.

(d) Second Party shall deliver to First Party a duly executed and acknowledged general warranty deed in a form acceptable to First Party's counsel conveying good and marketable title in fee simple to all of Property B, free and clear of any and all liens, encumbrances, conditions, easements, assessments, and restrictions.

(e) Second Party shall deliver to First Party a Texas Owner's Title Policy at First Party's sole expense, issued by TITUS COUNTY TITLE COMPANY in First Party's favor in the full amount of the value of Property B determined under Paragraph 5.01, insuring First Party's fee simple title to Property B subject only to those title exceptions listed in subparagraph (d) above, and the standard printed exceptions contained in the usual form of Texas Owner's Title Policy, provided, however:

- (i) the boundary and survey exceptions shall be deleted;
- (ii) the exception as to restrictive covenants shall be endorsed, "None of Record"; and
- (iii) the exception as to the lien for taxes shall be limited to the year of closing and shall be endorsed "Not Yet Due and Payable."

(f) Second Party shall deliver to First Party exclusive possession of Property B.

(g) In the event that the credits of First Party in Paragraph 8.05 are greater than the credits of Second Party in Paragraph 8.06, Second Party shall pay the difference to First Party in cash. In the event that the credits of Second Party in Paragraph 8.06 are greater than the credits of First Party in Paragraph 8.05, First Party shall pay the difference to Second Party in cash.

(h) In the event of a property loss described in Paragraph 7.01, First Party shall assign to Second Party all of First Party's right, title, and interest in any unpaid awards or payments from third parties as a result of the loss. In the event of a property loss described in Paragraph 7.02, Second Party shall assign to First Party all of Second Party's right, title, and interest in any unpaid awards or payments from third parties as a result of the loss.

ARTICLE 9

REAL ESTATE COMMISSIONS

It is understood and agreed that the only brokers involved in the negotiation and completion of this Agreement have been and are Redtearn Real Estate (name). In the event of the occurrence of the Closing provided in Article 8, a commission in the amount of \$ 6,000.00 percent of the agreed value of _____ (Property A and/or Property B) shall be paid in cash at the Closing to Redtearn RE (name). If this Agreement is terminated for any reason prior to the Closing, there will be no commission due to Redtearn Real Estate Co (name). All real estate commissions due shall be the sole responsibility of Second Party and Second Party agrees to indemnify and hold harmless First Party from any and all claims for commissions resulting from this Agreement.

ARTICLE 10

ESCROW

Escrow Deposit of First Party

10.01. For the purpose of securing the performance of First Party under the terms and provisions of this Agreement, First Party has delivered to TITUS COUNTY TITLE COMPANY the sum of \$ -0- (the "First Party Escrow Deposit") to be paid in accordance with the escrow instructions attached to and made a part of this Agreement as Exhibit C. If any amount of cash is required to be paid by First Party to Second Party at the Closing, payment shall first be made from the First Party Escrow Deposit.

Escrow Deposit of Second Party

10.02. For the purpose of securing the performance of Second Party under the terms and provisions of this Agreement, Second Party has delivered to TITUS COUNTY TITLE COMPANY the sum of \$ -0- (the "Second Party Escrow Deposit") to be paid in accordance with the escrow instructions attached to and made a part of this Agreement as Exhibit C. If any amount of cash is required to be paid by Second Party to First Party at the Closing, payment shall first be made from the Second Party Escrow Deposit.

**ARTICLE 11
INDEMNIFICATION**

Indemnification by First Party

11.01. First Party shall indemnify and hold Second Party harmless against any action, claim, liability, or expense (collectively referred to as "Claim") arising out of (a) First Party's ownership, use, or operation of Property A prior to the Closing, including, without limitation, a Claim presented after the Closing but covering matters occurring prior to the Closing, or (b) First Party's ownership, use, or operation of Property B after the Closing.

Indemnification by Second Party

11.02. Second Party shall indemnify and hold First Party harmless against any action, claim, liability, or expense (collectively referred to as "Claim") arising out of (a) Second Party's ownership, use, or operation of Property B prior to the Closing, including, without limitation, a Claim presented after the Closing but covering matters occurring prior to the Closing, or (b) Second Party's ownership, use, or operation of Property A after the Closing.

**ARTICLE 12
TERMINATION OF AGREEMENT**

Termination by First Party

12.01. First Party may terminate this Agreement in the event of the following:

- (a) the existence of a right to terminate under the circumstances stated in Paragraphs 5.04 or 7.02;
- or
- (b) the conditions stated in Paragraph 8.01 have not been satisfied in all material respects or waived on the date of the Closing.

Termination by Second Party

12.02. Second Party may terminate this Agreement in the event of the following:

- (a) the existence of a right to terminate under the circumstances stated in Paragraphs 4.04 or 7.01;
- or
- (b) the conditions stated in Paragraph 8.02 have not been satisfied in all material respects or waived on the date of the Closing.

**ARTICLE 13
MISCELLANEOUS**

Assignment of Contract

13.01. This Agreement may not be assigned without the prior written consent of the other party.

Survival of Provisions

13.02. The representations, warranties, and agreements of Articles 2, 3, and 11 shall survive and shall not be merged in the Closing.

Notices

13.03. Any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been made when personally delivered, or if mailed, when received by the following person at the indicated address:

- (a) to First Party: DANNY CROOKS, COUNTY JUDGE, Titus County Courthouse; and
- (b) to Second Party: BILLY CRAIG, 603 E. Magnolia, Mt. Pleasant, Texas.

Applicable Law

13.04. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas.

Parties Bound

13.05. This Agreement shall be binding on and inure to the benefit of the parties to this Agreement and their respective successors and assigns.

Severability of Provisions

13.06. To the extent permitted by law, a holding by any court that any provision in this Agreement is invalid, illegal, or unenforceable in any respect shall not affect any other provision, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been a part of this Agreement.

No Limitation of Remedies

13.07. Nothing in this Agreement shall be construed to limit any legal or equitable remedies of the parties.

Prior Agreements Superseded

13.08. This Agreement constitutes the entire understanding between the parties and supersedes any prior negotiations, discussions, agreements, and understandings between the parties with respect to the subject matter of this Agreement.

Time of Essence

13.09. Time is of the essence in this Agreement.

Expenses

13.10. Except as otherwise provided in this Agreement, all fees, costs, and expenses incurred in negotiating this Agreement or completing the transactions described in this Agreement shall be paid by the party incurring the fee, cost, or expense.

Amendments and Waivers

13.11. This Agreement may not be amended except in a writing specifically referring to this Agreement and signed by First Party and Second Party. A right created under this Agreement may not be waived except in a writing specifically referring to this Agreement and signed by the party waiving the right.

Counterparts

13.12. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

Executed 2/10, 1999.

FIRST PARTY:

TITUS COUNTY, TEXAS _____ [typed name of First Party]

By: Danny Crooks

DANNY CROOKS

TITUS COUNTY JUDGE

SECOND PARTY:

Billy Craig
BILLY CRAIG

Martha Craig
MARTHA CRAIG

Counterparts

13.12. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

Executed _____, 1999.

FIRST PARTY:

TITUS COUNTY, TEXAS _____ [typed name of First Party]

By: *Danny Crooks*

DANNY CROOKS

TITUS COUNTY JUDGE

SECOND PARTY:

Billy Craig
BILLY CRAIG

Martha Craig
MARTHA CRAIG

EXHIBIT "A"

ALL that certain tract or parcel of land situated in Titus County, Texas, being a part of Block 16 as shown on the 1929 Official Map of Mt. Pleasant, Texas, prepared by Geo. G. Ehrenborg and being all of that tract conveyed by F.C. Henderson et ux to Jno. B. Stephens, Jr. as recorded in Vol. 206, Page 421 of the Deed Records of said county and being a part of that tract conveyed by Stephens Realty, Inc. to Barbara Beth Joyner and Thomas S. Joyner, III as recorded in Vol. 469, Page 435 of the Deed Records of said county and bounded as follows: BEGINNING at an "X" in the concrete set for corner, the Northeast corner of Block 16 and the Northeast corner of the aforementioned conveyed to Jno. B. Stephens, Jr. said beginning corner lies at the intersection of the South right-of-way line of West First Street with the West right-of-way line of South Madison Avenue;

THENCE S 0 deg. 08' E along the East boundary line of Block 16 and along the West right-of-way line of South Madison Avenue, 179.21 ft. to an "X" etched in concrete set for corner, the occupied Southeast corner of the Jno. B. Stephens, Jr. tract and the Northeast corner of that tract conveyed by Billy W. Flanagan et al to John E. Greene et ux (Vol. 470, Page 669);

THENCE S 89 deg. 32'51" W generally along the South face of brick retaining wall for the occupied South boundary line of the Stephens tract and the North boundary line of the aforementioned Greene tract, 100.00 ft. to an "X" etched on a concrete slab set for corner, the Southwest corner of the Stephens tract and the Northwest corner of the aforementioned Greene tract, said corner lies in the East boundary line of the aforementioned Joyner tract;

THENCE S 0 deg. 08' E along the East boundary line of the Joyner tract and the West boundary line of the Greene tract, 60.00 ft. to a steel rod set for corner in the South boundary line of Block 16, said corner being the Southwest corner of the Greene tract and the most southerly Southeast corner of the Joyner tract, said corner lies in the North right-of-way line of West Alabama Street;

THENCE West along the South boundary line of Block 16 and along the North right-of-way line of West Alabama Street, 57.24 ft. to a steel rod set for corner;

THENCE N 0 deg. 08' W, 240.00 ft. to a steel rod set for corner in the North boundary line of Block 16, said corner lies in the South right-of-way line of West First Street;

THENCE East along the North boundary line of Block 16 and the South right-of-way line of West First Street, passing the Northeast corner of the Joyner tract and the Northwest corner of the Stephens tract and continuing the same course in all a total distance of 157.24 ft. to the place of BEGINNING, and containing 31,697 sq. ft. of land, more or less.