

**CAUSE NO. 2016CI22028**

<b>THE BANK OF SAN ANTONIO</b>	§	<b>IN THE DISTRICT COURT</b>
	§	
<b>VS.</b>	§	<b>407th</b>
	§	<b>JUDICIAL DISTRICT</b>
<b>ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP, NU PRINTS, INC. JOHN HERBOTS, and LOLA HERBOTS</b>	§ § § §	<b>BEXAR COUNTY, TEXAS</b>

**PLAINTIFF'S ORIGINAL PETITION  
AND APPLICATION FOR INJUNCTIVE RELIEF**

TO THE HONORABLE JUDGE OF SAID COURT:

THE BANK OF SAN ANTONIO, "Plaintiff" herein, petitions the Court for a judgment against ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP, NU PRINTS, INC. , JOHN HERBOTS, and LOLA HERBOTS herein collectively referred to as "Defendants", on debts due and owing to Plaintiff. In support of this petition, Plaintiff shows as follows:

I.

**Discovery Control Plan**

1.1 This is a Level 3 Case under the Texas Rules of Civil Procedure.

II.

**Parties**

2.1 Plaintiff is: THE BANK OF SAN ANTONIO, whose address is 1900 NW Loop 410, San Antonio, Bexar County, Texas 78213.

2.2 Defendant is: ALLIED ADVERTISING AGENCY, INC. who can be served with citation by serving its registered agent for service, John Herbots at 3700 Blanco Road, San Antonio, Texas 78212, or wherever such agent may be found.

2.3 Defendant is: STAG POINT CAPITAL, LP who can be served with citation by serving its registered agent for service, John Herbots at 3700 Blanco Road, San Antonio, Texas 78212, or wherever such agent may be found.

2.4 Defendant is: NU PRINTS, INC. a Texas corporation, who can be served with citation by serving its registered agent for service, John Herbots at 3700 Blanco Road, San Antonio, Texas 78212, or wherever such agent may be found.

2.5 Defendant is: John Herbots (“Herbots”), who can be served with citation by serving citation at 1503 Stag Point, San Antonio, Texas 78248, or wherever the Defendant may be found.

2.6 Defendant is: Lola Herbots, is a Limited Partner of Stag Point Capital, LP and a Director of Allied Advertising Agency, Inc. and Nu Prints, Inc., who can be served with citation by serving citation at 1503 Stag Point, San Antonio, Texas 78248, or wherever the Defendant may be found.

### III.

#### **Jurisdiction and Venue**

3.1 Jurisdiction and venue of this action are proper in this Court as the debt that is the subject matter of this action was incurred in Bexar County, Texas, and this Court has jurisdiction over Defendants who reside and/or conduct business in Bexar County, Texas.

### IV.

#### **Notes and Deeds of Trust**

4.1 Attached to this petition as ***Exhibit “A”*** is a true and correct copy of a Loan Agreement dated December 23, 2013 by and between Allied Advertising Agency, Inc., Stag Point Capital, LP and The Bank of San Antonio (“December 23, 2013 Loan”).

The December 23, 2013 Loan was modified on two separate occasions by agreement of the parties, the successive modifications are attached hereto as **Exhibit "A-1", and Exhibit "A-2"**. The December 23, 2013 Loan and subsequent modifications are hereinafter collectively referred to as the "Stag Point Loan". The Stag Point Loan was evidenced by a Real Estate Lien Note in the principal amount of \$760,000.00 executed by Stag Point Capital, L.P. and made payable to the order of The Bank of San Antonio (hereinafter "Stag Point Lien Note", a copy of which is attached hereto as **Exhibit "A-3"**). The Stag Point Loan and Stag Point Lien Note are attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Stag Point Lien Note is secured primarily by a deed of trust lien on real property located in Bexar County, Texas.

4.2 Attached to this petition as **Exhibit "B"** is a true and correct copy of a Loan Agreement dated September 12, 2014 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("September 12, 2014 Loan"). The September 12, 2014 Loan was modified on seven separate occasions by agreement of the parties, the successive modifications are attached hereto as **Exhibit "B-1", Exhibit "B-2", Exhibit "B-3", Exhibit "B-4", Exhibit "B-5", Exhibit "B-6", and Exhibit "B-7"**. The September 12, 2014 Loan and subsequent modifications are hereinafter collectively referred to as (the "Allied Loan"). The Allied Loan is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. Pursuant to the terms of the Allied Loan, Defendants executed certain other instruments which are attached to this Petition as Exhibits "C" through "G" as follows:

4.3 Attached to this petition as **Exhibit "C"** is a true and correct copy of a Promissory Note in the amount of \$750,000.00, dated September 12, 2014 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("Revolving Note"). The Revolving Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Revolving Note is secured primarily by a lien against certain personal property.

4.4 Attached to this petition as **Exhibit "D"** is a true and correct copy of a Promissory Note in the amount of \$154,412.66, dated September 12, 2014 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("Term Note"). The Term Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Term Note is secured primarily by a lien against certain personal property.

4.5 Attached to this petition as **Exhibit "E"** is a true and correct copy of a Promissory Note in the amount of \$340,000.00, dated September 12, 2014 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("Equipment Note"). The Equipment Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Equipment Note is secured primarily by a lien against certain personal property.

4.6 Attached to this petition as **Exhibit "F"** is a true and correct copy of a Promissory Note in the amount of \$117,000.00, dated April 15, 2015 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("2015 Equipment Note"). The 2015 Equipment Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The 2015 Equipment Note is secured primarily by a lien against certain personal property.

4.7 Attached to this petition as **Exhibit "G"** is a true and correct copy of a Promissory Note in the amount of \$150,000.00, dated November 5, 2014 executed by Defendant Allied Advertising Agency, Inc. and made payable to the order of The Bank of San Antonio ("Refinance Note"). The Refinance Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Refinance Note is secured primarily by a lien against certain personal property.

4.8 Attached to this petition as **Exhibit "H"** is a true and correct copy of a Real Estate Lien Note in the amount of \$245,000.00 dated February 5, 2016 executed by Stag Point Capital, L.P. and made payable to the order of The Bank of San Antonio ("Second Stag Note"). The Second Stag Note is attached to this Petition and incorporated herein for all purposes as if fully set forth herein. The Second Stag Note is secured primarily by a deed of trust lien on real property located in Bexar County, Texas.

V.

**Default**

5.1 Defendants have failed to tender payments in accordance with the terms of the notes described in Paragraph IV. Defendants' default in paying the Stag Point Lien Note and Second Stag Note (collectively, the "**Stag Point Notes**" or "**Stag Loans**") and Revolving Note, Term Note, Equipment Note, 2015 Equipment Note and Refinance Note (collectively, the "**Allied Notes**" or "**Allied Loans**") are a breach of Defendants' contracts with Plaintiff. The amounts remaining due and owing on the notes described in Paragraph IV above are as follows:

5.2 Defendants are in default under the Stag Point Lien Note and deed of trust primarily securing repayment of the same. As of December 27, 2016, there was past due on this obligation the sum of Six Hundred Sixty-six Thousand Forty dollars and 48/100 (\$666,040.48).

5.3 Defendants are in default under the Revolving Note and commercial security agreement primarily securing repayment of the same. As of December 27 2016, there was past due on this obligation the sum of Seven Hundred Fifty Thousand Eight Hundred Nine Dollars and 44/100 (\$750,809.44).

5.4 Defendants are in default under the Term Note and commercial security agreement primarily securing repayment of the same. As of December 27 2016, there was past due on this obligation the sum of Eighty-one Thousand One Hundred Sixty-one dollars and 99/100 (\$81,161.99).

5.5 Defendants are in default under the Equipment Note and commercial security agreement primarily securing repayment of the same. As of December 27 2016, there was past due on this obligation the sum of Two Hundred Fourteen Thousand Three Hundred Fifty-nine dollars and 12/100 (\$214,359.12).

5.6 Defendants are in default under the 2015 Equipment Note and commercial security agreement primarily securing repayment of the same. As of December 27 2016, there was past due on this Note the sum of Eighty-five Thousand Two Hundred Nineteen dollars and 24/100 (\$85,219.24).

5.7 Defendants are in default under the Refinance Note and commercial security agreement primarily securing repayment of the same. As of December 27, 2016, there was past due on this Note the sum of One Hundred Twenty-five Thousand Ninety-nine dollars and 84/100 (\$125,099.84).

5.8 Defendants are in default under Second Stag Note and deed of trust primarily securing repayment of the same. As of December 27, 2016, there was past due on this Note the sum of Two Hundred Thirty-six Thousand Seven Hundred Seventy-nine dollars and 26/100 (\$236,779.26).

5.9 The latest notice of default on all of the above Loans, a true and correct copy of which is attached to this petition as *Exhibit T*, was provided by Plaintiff on November 10, 2016 and December 9, 2016, and Defendants have failed to cure the defaults.

VI.

**Owner and Holder**

6.1 Plaintiff is the owner and holder of the obligations and lien instruments set forth in Paragraph IV, above, and is entitled to receive all money due under the terms of the obligations set forth in Paragraph IV, above.

VII.

**Money Judgment**

7.1 Plaintiff repeats and realleges each of the allegations of the foregoing paragraphs as if they were fully set forth herein. Defendants have defaulted on the indebtedness as set forth above. Plaintiff sues Defendants, for breach of contract on the indebtedness as set forth above. Plaintiff further sues Defendants for all amounts owing on the above obligations as set forth above.

VIII.

**Conditions Precedent**

8.1 All conditions precedent have been performed or have occurred.

IX.

**Demand For Accounting And Records Access**

9.1 In addition to serving as registered agent for ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC, Defendant JOHN HERBOTS is the person responsible for the day to day business of the Defendant entities. On or about November 3, 2016, HERBOTS approached THE BANK OF SAN ANTONIO regarding the possibility of suspending payment of the Stag Loans and the Allied Loans. As a basis for his request, HERBOTS stated that he did not have sufficient revenue to cover his expenses, including payroll.

9.2 Pursuant to the terms of the Stag Loans and the Allied Loans, THE BANK OF SAN ANTONIO has a contractual right to view the books and records (including accounts receivable aging), to inspect collateral, and to review tax information of ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC. upon request. THE BANK OF SAN ANTONIO has made such requests on numerous occasions and has been denied such right. Consequently, THE BANK OF SAN ANTONIO demands immediate access to all of the books and records and tax information and access to all real and personal property securing repayment of the Stag Loans and Allied Loans of ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC. and pursuant to statutory law, common law and/or equity, a full and complete accounting of ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC.'s financial affairs for the previous four (4) years through the date the accounting is made. Such accounting shall specifically include, at a minimum, the capital accounts of ALLIED ADVERTISING AGENCY, INC. and STAG POINT CAPITAL, LP's income and expenses, profit and losses, accounts



payable, accounts receivable, salaries, bonuses, dividends, distributions, reimbursement of expenses, employee benefits, loans and returns of capital.

9.3 Also pursuant to the terms of the Stag Loans and the Allied Loans, ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC. are required to keep their business accounts at THE BANK OF SAN ANTONIO. The covenant requiring Defendants to keep their business accounts at THE BANK OF SAN ANTONIO is a standard industry practice that allows banks to monitor their client's creditworthiness and their collateral (including proceeds of accounts receivable). After approaching THE BANK OF SAN ANTONIO about forbearing on their payments, Defendants broke this covenant. Since THE BANK OF SAN ANTONIO declined to forebear on the collection of the Stag Loans and Allied Loans, Defendants have ceased making deposits into their accounts at THE BANK OF SAN ANTONIO.

9.4 Also pursuant to the terms of the Allied Loans, which are cross-collateralized and cross-defaults with the Stag Loans, THE BANK OF SAN ANTONIO is granted a lien on all accounts receivable for ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP and NU PRINTS, INC. When the last financial information was provided to THE BANK OF SAN ANTONIO on or about October 2016, Defendants reported approximately \$800,000.00 in accounts receivable. On or about November 2016, Defendants orally reported accounts receivable of approximately \$500,000.00. Without protection from the court there is nothing restricting Defendants from further liquidating and/or discounting accounts receivable to the detriment of Plaintiffs.

X.

**Need For Injunctive Relief**

10.1 As stated in paragraphs 9.1-9.4, The Bank of San Antonio has requested access to Defendants' financial records on numerous occasions. Defendants have discussed access to those records. Based upon Plaintiff's experience, similarly situated Defendants generally deny access to records in order to (1) hide the existence of malfeasance and/or fraud or (2) because the financial records reveal that a borrower is not in compliance with the requisite loan covenants.

10.2 Immediate injunctive relief in the form of a temporary restraining order, ex parte or otherwise, against Defendants, ALLIED ADVERTISING AGENCY, INC., STAG POINT CAPITAL, LP, NU PRINTS, INC., JOHN HERBOTS AND LOLA HERBOTS is necessary to prevent a wasting of Plaintiff's collateral and to mitigate the harm that is being done to Plaintiff. Without injunctive relief, Defendants will continue to engage in improper practices as set forth above which harm is imminent and for which Plaintiff's damages would be difficult to determine and/or Defendants would not be able to answer in damages thus harm to Plaintiff would be irreparable. Defendants will continue to divert the collateral to their personal use and/or other unrelated businesses to the severe harm of the Plaintiff unless enjoined from doing so. Immediate and temporary injunctive relief is necessary to restrain Defendants from further wasting, secreting, damaging and otherwise dissipating company funds, revenues, and other assets that serve as collateral, and from destroying or hiding assets and records from which damages may be paid, and which are necessary for Plaintiff to discover the extent of Defendants' operation.

10.3 All of the above-stated harm to Plaintiff resulting from Defendants' unlawful activities is substantial and immediate and will be irreparable without immediate injunctive relief. There is no adequate remedy at law.

10.4 The needed immediate injunctive relief should be granted by temporary restraining order to the extent ex parte relief is requested, it is done so because notifying Defendants would cause irreparable harm as Defendants might then engage in the exact acts that Plaintiff is seeking to restrain. After notice and hearing, Plaintiff asks that the injunctive relief be granted and extended by a temporary injunction pending through trial, and after final hearing, Plaintiff asks that Defendants be permanently enjoined after a trial on the merits.

## XI.

### **Attorney's Fees**

11.1 Plaintiff is entitled to recover and sue for its reasonable and necessary attorneys' fees, costs, and expenses through trial and all appeals under applicable Texas law, including but not limited to Chapter 38 et seq. of the Texas Civil Practices and Remedies Code and/or the agreements at issue. To compensate Plaintiff for attorneys' fees thereby incurred, Plaintiff is entitled to recover its reasonable and necessary attorneys' fees rendered in bringing this suit and obtaining judgment against Defendants on said contracts, as well as reasonable and necessary attorneys' fees, if necessary, in the event of any appeal to the Court of Appeals, as well as reasonable and necessary attorneys' fees, if necessary, for preparation or defense of a petition for review to the Texas Supreme Court, as well as reasonable and necessary attorneys' fees, if any, incurred by Plaintiff in the event a petition for review is granted by the Texas Supreme Court and oral argument is received by such Court. Additionally, Plaintiff asserts that

proper presentment of its claim under Chapter 38 of the Texas Civil Practice & Remedies Code has been made.

XII.

*Prayer*

12.1 Plaintiff prays that—

- a. Defendants be cited to appear and answer;
- b. The Court award Plaintiff a judgment in the amount of Six Hundred Sixty-six Thousand Forty dollars and 48/100 (\$666,040.48) on the Stag Point Lien Note.
- c. The Court award Plaintiff a judgment in the amount of Seven Hundred Fifty Thousand Eight Hundred Nine Dollars and 44/100 (\$750,809.44) on the Revolving Note.
- d. The Court award Plaintiff a judgment in the amount Eighty-one Thousand One Hundred Sixty-one dollars and 99/100 (\$81,161.99) on the Term Note.
- e. The Court award Plaintiff a judgment in the amount of Two Hundred Fourteen Thousand Three Hundred Fifty-nine dollars and 12/100 (\$214,359.12) on the Equipment Note.
- f. The Court award Plaintiff a judgment in the amount of Eighty-five Thousand Two Hundred Nineteen dollars and 24/100 (\$85,219.24) on the 2015 Equipment Note.
- g. The Court award Plaintiff a judgment in the amount of One Hundred Twenty-five Thousand Ninety-nine dollars and 84/100 (\$125,099.84) on the Refinance Note.

h. The Court award Plaintiff a judgment in the amount of Two Hundred Thirty-six Thousand Seven Hundred Seventy-nine dollars and 26/100 (\$236,779.26) on the Second Stag Note.

i. That the Court grant a temporary restraining order, rendered before notice and hearing, until determination of the Plaintiffs' Application for Temporary Injunction or other order of the Court, enjoining all Defendants, their officers, agents, servants, employees, and attorneys and those persons in active concert of participation with them who receive actual notice of the order by personal service or otherwise from taking any action to the detriment of THE BANK OF SAN ANTONIO, specifically enjoining them from the dilution, sale and waste of all of the Plaintiff's collateral, including, but not limited to, accounts receivable, inventory, and equipment and cash funds of ALLIED ADVERTISING AGENCY, INC. and NU PRINTS, INC. except for reasonable and necessary expenses including but not limited to employee salaries to employees who are not guarantors on the Stag Loans and Allied Loans and/or subordinated or related notes and/or deeds of trust;

j. The Court grant a temporary injunction after notice and hearing, enjoining the Defendants from engaging in the acts listed in paragraph "i" of this Prayer, as well as permanent injunctive relief as determined by the Court;

k. Defendants shall provide Plaintiff with an updated accounts receivable aging report together with contact information and amounts owing;

l. Plaintiff shall have access to the real property securing repayment of the Stag Loans to allow an appraiser to inspect the premises and for Lender's agents to inventory the personal property collateral for the Allied Loans;

- m. Plaintiff shall have and recover from Defendants, jointly and severally, judgment for its attorneys' fees and costs;
- n. Plaintiff shall have and recover from Defendants, pre-judgment and post-judgment interest; and
- o. All other relief to which Plaintiff is entitled.

Respectfully submitted,

**LANGLEY & BANACK, INC.**

745 E. Mulberry, Ninth Floor  
San Antonio, Texas 78212  
(210) 736-6600 Telephone  
(210) 735-6889 Telecopier

By: 

**ROGER D. KIRSTEIN**

State Bar No. 11533700  
[rkirstein@langleysbanack.com](mailto:rkirstein@langleysbanack.com)

**Stephen J. Ahl**

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*ATTORNEYS FOR PLAINTIFF*

**VERIFICATION**

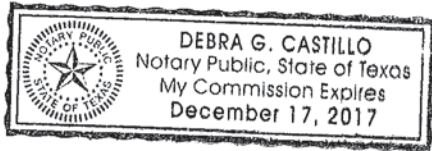
**STATE OF TEXAS**                   §  
                                                  §  
**COUNTY OF BEXAR**               §

Before me, the undersigned notary, on this day personally appeared Andrew Reid, a person whose identity is known to me. Mr. Andrew Reid is a Chief Credit Officer at of The Bank of San Antonio. I administered an oath to him, upon his oath he said he has read the attached document entitled Plaintiff's Original Petition and Application for Injunctive Relief and that the facts stated in it are within his personal knowledge and are true and correct.

The Bank of San Antonio

By: Andrew Reid  
Andrew Reid  
Chief Credit Officer

SWORN TO and SUBSCRIBED before me by Andrew Reid on this the 28th day of December, 2016, to certify which witness my hand and official seal.



Debra G. Castillo  
Notary Public  
My commission expires: \_\_\_\_\_

“EXHIBIT A”



## LOAN AGREEMENT

Date: December 23, 2013

Borrower (Name and Address): **Allied Advertising Agency, Inc.**, a Texas corporation  
(herein "Allied")  
SOS File No. 18903700  
3700 Blanco Road  
San Antonio, Texas 78212

And

**Stag Point Capital, LP**, a Delaware limited partnership  
(herein "Stag" and collectively with , the "Borrower")  
Delaware File No. 4111253  
3700 Blanco Road  
San Antonio, Texas 78212

Lender (Name and Address): **THE BANK OF SAN ANTONIO**  
8000 IH-10 West, Suite 1100  
San Antonio, Texas 78230

This Loan Agreement ("Agreement") is made on the above date by and between Borrower and Lender. This Agreement evidences the Loan (as defined below).

### I. THE LOAN.

A. **Loan.** Lender agrees to extend credit or advance to or for the account of Borrower, subject to the terms of this Agreement and the other Loan Documents, the following loans (collectively, the "Loan") for the purposes set out below: (i) a Revolving Line of Credit Note in the stated principal amount of **\$750,000.00** (to include any renewals, extensions or modifications thereof, the "Revolving Note") to be executed by Allied; (ii) a Promissory Note in the stated principal amount of **\$175,000.00** (to include any renewals, extensions or modifications thereof, the "Term Note") to be executed by Allied; (iii) a Non-Revolving Line of Credit Note in the stated principal amount of **\$200,000.00** (to include any renewals, extensions or modifications thereof, the "Equipment Note") to be executed by Allied; and (iv) a Real Estate Lien Note in the stated principal amount of **\$760,000.00** (to include any renewals, extensions, or modifications thereof, the "Real Estate Note" and collectively with the Revolving Note, the Term Note, and the Equipment Note, the "Notes") to be executed by Stag; all of even date herewith and payable to the order of Lender. The interest rates, terms of repayment and maturity of the Loan are fully set forth in the respective Notes. At no time will the aggregate outstanding principal under the Notes exceed the respective stated principal amount. Principal advanced and paid may not be readvanced under the Term Note, the Equipment Note, or Real Estate Note. Funding of the Revolving Note and Equipment Note will be subject to receipt of signed draw requests. In no event may advances on the Revolving Note or Equipment Note be permitted after the maturity date set forth therein. At no time will Lender's loan commitments exceed **\$1,885,000.00**, and Lender shall have no obligation to fund under the Notes in a cumulative amount in excess of **\$1,885,000.00**.

B. **Applicable Law.** This Agreement and the Notes shall be governed by, and construed in accordance with, the internal laws of the State of Texas, particularly, Title 4, Subtitle A of the Finance Code as applicable to commercial loans, subject, however, to the effect of applicable federal law. To the maximum lawful extent, the parties intend to exclude Subtitle B, and particularly Chapter 346, of the Finance Code, as amended, such chapters dealing primarily with consumer lending. Unless changed in accordance with law, or otherwise provided in the Notes, the applicable rate ceiling under Texas law shall be the weekly rate ceiling from time to time in effect as provided. This Agreement and the Notes are given for the Borrower's business and commercial purposes, and in no event for personal, family or household use or agricultural use.

C. **Commitment Letter.** It is a condition precedent to Lender's obligation to make any funding of any portion of the Loan that Borrower fully comply with any commitment letter between Borrower and Lender, including, but not limited to, that certain letter dated November 18, 2013 (the "Commitment"), including (without limitation) the conditions precedent set forth therein. This Agreement fully satisfies all of Lender's obligations under any such Commitment.

D. **Loan Documents.** The Loan is additionally evidenced, governed and/or secured by:

1. This Agreement;
2. Commercial Security Agreement pertaining to all inventory and accounts receivable of Borrower and Nu Prints, Inc. ("Nu Prints"), a Texas corporation, in favor of Lender of even date herewith (to include any renewals, extensions, or modifications, the "Inventory Security Agreement");
3. Commercial Security Agreement pertaining to all equipment and vehicles of Borrower and Nu Prints in favor of Lender of even date herewith (to include any renewals, extensions, or modifications, the "Equipment Security Agreement");
4. Commercial Security Agreement pertaining to Allied's equipment and vehicles to be purchased with the proceeds of the Equipment Note in favor of Lender of even date herewith (to include any renewals, extensions, or modifications, the "Ancillary Equipment Security Agreement" and collectively with the Inventory Security Agreement and Equipment Security Agreement, the "Security Agreements");
5. Deed of Trust of even date herewith executed by Stag in favor of Lender and pertaining to the Property (defined below);
6. The Guaranties, below described;
7. Strict Subordination Agreement executed by Allied, Stag, and Lender of even date herewith; and
8. Landlord Estoppel and Consent executed by Allied and Lender of even date herewith;
9. Landlord Estoppel and Consent executed by Kari Justice and Lender of even date herewith;
10. Any other documents, titles or other instruments relating to the Collateral.

This Agreement, the Notes, the Security Agreements, financing statements, the Deed of Trust, Guaranties, the Strict Subordination Agreement, the Landlord Estoppels and Consents, and such other documents, titles or other instruments relating to the Collateral, and any other pledge agreements or collateral assignments provided for hereunder, and any other document, instrument, or agreement executed for Lender's benefit in connection with this Loan, together with any modifications, extensions or renewals thereof, may be referred to as the "Loan Documents".

**E. Cross-Default; Cross-Collateralization; Joint and Several.** A default under this Agreement or under any of the other Loan Documents or any of the Notes is a default under the Notes and each of the other Loan Documents and this Agreement. All collateral secures the entire Loan and any other debt of either Borrower to Lender (except as may be prohibited by law). The obligations of Borrower and each of them, hereunder and under the other Loan Documents, are joint and several.

**F. Origination Fee.** Borrower shall pay Lender the origination fee as provided in the Notes.

**G. Purpose.** The purpose of the Revolving Note is to refinance an existing line of credit for working capital support and for general corporate purposes. The purpose of the Term Note is to refinance existing equipment debt. The purpose of the Equipment Note is to provide financing for the purchase of equipment and vehicles. The purpose of the Real Estate Note is to refinance existing debt on a tract of real property located at 3700 Blanco Road, San Antonio, Texas 78212. Notwithstanding the foregoing, the Borrower represents and covenants that no portion of the Loan will be used to acquire or carry securities, including margin securities.

**H. Loan to Value Ratio.** NOTWITHSTANDING ANY OTHER PROVISION HEREOF OR OF THE DEED OF TRUST OR REAL ESTATE NOTE, THERE SHALL BE NO OBLIGATION OF THE LENDER TO FUND UNDER THE LOAN OR REAL ESTATE NOTE UNLESS AND UNTIL ALL CONDITIONS OF THE COMMITMENT HAVE BEEN MET, INCLUDING WITHOUT LIMITATION A SATISFACTORY APPRAISAL OF THE PROPERTY SHOWING NO HIGHER THAN AN 80% LOAN TO VALUE RATIO.

**I. Property.** The real property securing repayment of the Real Estate Note is the following real property in Bexar County, Texas and all improvements, fixtures, equipment, and appurtenances related thereto and described in the Deed of Trust as the "Property":

**Lots 35, 36, 37, 53, 54, and 55, Block 18, New City Block 9221, San Pedro Place Second Unit, in the City of San Antonio, Bexar County, TX, according to plat thereof recorded in Volume 2222, Page 236, Deed and Plat Records of Bexar County, Texas, Save and Except that portion granted to the City of San Antonio, recorded in Volume 15902, Page 315, Real Property Records of Bexar County, Texas.**

**J. Conditions Precedent to any Advances under the Notes.** In addition to any other conditions of this Agreement or the Commitment, the Borrower shall have satisfied each of the following conditions (unless waived by Lender) prior to any advances under the Notes, each delivered to and fully acceptable to Lender:

1. There shall be no material adverse change in the financial condition of Borrower or Guarantors.

2. As to the Real Estate Note, Lender shall have received, reviewed and accepted a third party appraisal showing a maximum loan to value ratio of no greater than 80%. Lender shall order the appraisal.

3. As to the Real Estate Note, Lender shall have received, reviewed and accepted a Phase I environmental site assessment indicating the Property is free from hazardous contamination. If Borrower has an recent existing environmental report of the Property, Lender will review said report for acceptance. However, if Borrower does not have such a report or said report is unacceptable to Lender in Lender's sole discretion, Lender shall order the Phase I environmental site assessment.

4. As to the Real Estate Note, Lender shall have received, reviewed, and approved a survey acceptable to Lender and the title company insuring the Lender's lien as first on the Property.

5. As to the Real Estate Note, Lender shall have received, reviewed, and approved a flood determination report indicating the Property does not lie within a flood plain.

6. As to the Real Estate Note, Lender shall have received, reviewed, and approved a triple net lease agreement between Allied and Stag that is coterminous with the Real Estate Note and has monthly rental payment obligations of no less than \$100.00 in excess of the Real Estate Note repayment obligations.

7. As to the Real Estate Note, Lender shall have received, reviewed, and approved a title commitment acceptable to Lender indicating that the Lender will be in a first lien position.

8. Lender shall have received each Borrower's and Nu Prints organizational documents and all certificates filed with the Texas or Delaware Secretary of State, as applicable.

9. Borrower's primary operating accounts and treasury management services shall be maintained with Lender throughout the term of the Loan.

10. All Loan payments shall be auto-debited from Borrower's accounts with Lender.

11. Borrower shall cause all existing UCC financing statements of record with the Texas Secretary of State evidencing a security interest in the Collateral, including, but not limited to, those in favor of PlainsCapital Bank, to be terminated by the filing of UCC-3 termination statements.

12. Execution of the Loan Documents.

13. Any such other items as deemed reasonably necessary by Lender's legal counsel to evidence and secure the Loan.

II. **COLLATERAL.** The Loan will be secured by the Security Agreements, the Deed of Trust, and the collateral as described in the these respective documents, which includes all, or substantially all, of Borrower's business assets and the Property; this collateral may be referred to as the Collateral. All Collateral shall be at all times fully satisfactory to Lender; if Lender in its sole discretion determines that any Collateral is not of a quality or nature to the Collateral at the

time the Loan is funded, then the Borrower shall, on ten (10) days' written notice from Lender, replace such unacceptable Collateral with Collateral acceptable to Lender.

III. **OTHER LIMITATIONS ON ADVANCES.** In addition, Lender may (in its sole discretion) waive this (or any other) requirement, however, in the absence of such waiver, and in addition to any other limitation on advances under the Loan, the Borrower is not entitled to obtain advances under the Loan [a] at any time an Event of Default has occurred and is continuing or any event or condition has occurred that, but for passage of time, notice or opportunity to cure, would be an Event of Default, or [b] at any time the Lender's security interest in the Collateral is not first, prior and perfected.

In addition, and not in lieu of the foregoing, advances under the Equipment Note shall be limited to 100% of the purchase price of any vehicle and 80% of the purchase price of any equipment which shall be verified by a purchase invoice.

IV. **GUARANTIES.** Subject only to the limitations, if any, set forth in the respective Guaranties, below defined, of the Guarantors, below defined, the Loan will be absolutely and unconditionally guaranteed by the Guaranties of Debt (the "Guaranties") of John Herbots, individually, Lola Herbots, individually, Kari Justice, individually, Nu Prints, Allied, and Stag (each a "Guarantor", and collectively, the "Guarantors").

V. **REPRESENTATIONS.** The Borrower represents and warrants to the Lender as follows:

A. **Good Standing.** Allied is a Texas corporation currently existing, in good standing and duly organized under the laws of the state of Texas, and has the power to own its property and to carry on its business in each jurisdiction in which it operates.

Stag is a Delaware limited partnership currently existing, in good standing, and duly organized under the laws of the state of Texas, and has the power to own its property and to carry on its business in each jurisdiction in which it operates. The general partner of Stag, Stag Point Management, LLC, a Delaware limited liability company ("Stag Management"), is a Delaware limited liability company, in good standing, and duly organized under the laws of the state of Delaware, and has the power to own its property and to carry on its business in each jurisdiction in which it operates.

B. **Authority and Compliance.** Borrower and each Guarantor each has full power and authority to enter into the Loan Documents to which it is a party, to execute and deliver the Loan Documents and to incur the obligations provided for therein. No consent or approval of members or of any public authority is required as a condition to the validity of this Agreement or the other Loan Documents. Borrower and each Guarantor are in compliance with all laws and regulatory requirements to which each is subject.

C. **Binding Agreement.** This Agreement constitutes, and the other Loan Documents when issued and delivered pursuant hereto, will constitute valid and legally binding obligations of the parties thereto in accordance with their terms.

D. **Litigation.** There are no proceedings pending or, to the knowledge of Borrower, threatened before any court or administrative agency which will or may have a material adverse effect on the financial condition or operations of Borrower or any Guarantor, except as disclosed to Lender in writing prior to the date of this Agreement.

E. **No Conflicting Agreements.** There are no charter, bylaw, regulation, or other organizational document provisions of Borrower or Stag Management and no provisions of any existing agreement, mortgage, indenture or contract binding on Borrower or any Guarantor or affecting its respective property, which would conflict with or in any way prevent the execution, delivery or carrying out of the terms of this Agreement and the other Loan Documents.

F. **Ownership of Assets.** Borrower and/or Nu Prints has good title to any Collateral pledged and the Collateral is owned free and clear of liens, and Borrower and Nu Prints, at all times, will maintain its tangible property, real and personal, in good order and repair taking into consideration reasonable wear and tear.

G. **Taxes.** All income taxes and other taxes due and payable by Borrower or any Guarantor through the date of this Agreement have been paid prior to becoming delinquent, or are being contested in accordance with applicable law.

H. **Financial Statements.** The books and records of Borrower properly reflect its financial condition, and there has been no adverse material change in its financial condition from the condition as represented in recent statements delivered to Lender prior to the execution of this Agreement. Each financial statement provided to Lender with respect to Borrower after the date of this Agreement shall be true, correct and complete in all material respects, and shall have been prepared in conformity with generally accepted accounting principles, consistently applied.

I. **Place of Business.** Borrower's principal office and place of business is:

3700 Blanco Road  
San Antonio, Texas 78212

VI. **FINANCIAL STATEMENTS AND OTHER AFFIRMATIVE COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Notes, and the performance of all other obligations of the Borrower and Guarantors under the Loan:

A. **Accounting System.** Borrower shall maintain a system of accounting satisfactory to Lender and in accordance with generally accepted accounting principles consistently applied, and will permit Lender's officers or authorized representatives to visit and inspect their books of account and other records at such reasonable times and as often as Lender may desire. If such inspection occurs during the continuation of an Event of Default, the Borrower will pay the reasonable fees and disbursements of any accountants or other agents of Lender selected by Lender for the foregoing purposes. Unless written notice of another location is given to Lender, Borrower's books and records will be located at:

Borrower: 3700 Blanco Road  
San Antonio, Texas 78212

B. **Annual Compiled Financial Statements.** Allied shall furnish to Lender its annual updated consolidated and consolidating financial statements within 120 days after the end of each fiscal year. Allied's fiscal year is the calendar year. Year-end financial statements shall be compiled by a certified public accountant, reasonably acceptable to Lender.

C. **Tax Returns.** Annually, within 30 days after filing, Borrower shall, and shall cause each individual Guarantor to, furnish copies of their current federal income (and if

applicable, state franchise) tax return and all schedules and exhibits and K-1s to the Lender, and such returns shall be filed timely (subject to any permitted extensions). If Nu Prints' tax returns are not consolidated into either Borrower's tax return, then Borrower shall cause Nu Prints to furnish copies of Nu Prints' current federal income (and if applicable, state franchise) tax return and all schedules and exhibits and K-1s to the Lender within **30 days** after filing, and such returns shall be filed timely (subject to any permitted extensions).

**D. Quarterly Statements.** No later than the **30th day** following the end of each fiscal quarter, including year-end, for the prior quarter, Allied shall furnish to Lender its internally prepared quarterly updated consolidated financial statements, consistently prepared, including consolidating schedules.

**E. Quarterly Compliance Certificate.** No later than the **30th day** following the end of each fiscal quarter, for the prior quarter, Borrower shall furnish to Lender a compliance certificate reporting compliance with the terms of this Agreement, including the financial covenants set out below.

**F. Individual Guarantor's Financial Statements.** Borrower shall cause John Herbots, Lola Herbots, and Kari Justice to furnish to Lender their respective signed annual updated financial statements, including balance sheet, cash flow, contingent liability statement within **395 days** after the date of the then current financial statements on file with Lender, on such form as Lender may provide or approve.

**G. Monthly Borrowing Base Certificate.** No later than the **30<sup>th</sup> day** following the end of each calendar month, for the prior month, Allied shall provide to Lender a Borrowing Base Certificate which shall report the items set forth in the Borrowing Base Certificate attached hereto as Exhibit A.

**H. Accounts Receivable Aging; Accounts Payable Aging, and Inventory Summary.** No later than the **30<sup>th</sup> day** following the end of each calendar month, for the prior month, Allied shall provide Lender with an updated accounts receivable aging report, an updated accounts payable aging report, and an updated inventory listing or summary.

**I. Subsidiary Financial Information.** To the extent not already consolidated in either Allied or Stag's financial statements, Nu Prints' financial information shall be included in either Allied or Stag's financial information on a consolidated and consolidating basis.

**J. Other Information.** Borrower shall promptly provide Lender with such additional information, reports or statements respecting its respective business operations and financial condition as Lender may reasonably request from time to time.

**K. Insurance.** Borrower and Nu Prints shall maintain insurance with responsible insurance companies on the Collateral, as may be customary in the industry, and on their businesses and assets generally, in such amounts and against such risks as is customarily maintained by similar businesses operating in the same vicinity, specifically to include a policy of fire and extended coverage insurance covering all assets and liability insurance, all to be with such companies and in such amounts reasonably satisfactory to Lender. Evidence of such current insurance will be promptly supplied to Lender, with mortgagee clauses in favor of Lender.

**L. Existence and Compliance.** Allied and Nu Prints shall maintain their respective existence in Texas in good standing, and comply with all laws, regulations and governmental

requirements applicable to it or to any of its property, business operations and transactions, and maintain its authorization to do business in each other state in which it operates. Stag and Stag Management shall maintain their respective existence in Delaware in good standing, and comply with all laws, regulations and governmental requirements applicable to it or to any of its property, business operations and transactions, and maintain its authorization to do business in each other state in which it operates, including, but not limited to, Texas.

M. **Adverse Conditions or Events.** Borrower shall promptly advise Lender in writing of any condition, event or act which comes to its attention that would or might materially and adversely affect Borrower or any Guarantor's financial condition, Lender's rights in or to the Collateral under this Agreement or the other Loan Documents, and of any litigation filed against Borrower or any Guarantor.

N. **Taxes.** Borrower shall pay all taxes as the same become due and payable.

O. **Maintenance.** Borrower and Nu Prints shall maintain all of their tangible property, including all Collateral, in good condition and repair and make all necessary replacements thereof, and preserve and maintain all licenses, privileges, franchise, certificates and the like necessary for the operation of its business.

VII. **FINANCIAL COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Notes, and the performance of all other obligations of the Borrower and Guarantors under the Loan, Allied shall maintain, test and report the following Financial Covenants:

A. **Minimum Debt Service Coverage Ratio.** Allied shall maintain a minimum Debt Service Coverage Ratio of 1.25 : 1.00, tested at the end of each calendar quarter and calculated on a rolling four (4) quarter basis. Within 30 days after the end of each calendar quarter, Allied shall execute and deliver to the Lender a statement computing the Debt Service Coverage Ratio, with all supporting data, and certify the same as true and correct to the Lender.

"Debt Service Coverage Ratio" shall mean Allied's (net income after tax *plus* depreciation expense *plus* amortization expense *plus* interest expenses *plus* rent expense paid to Stag *less* dividends and distributions) *divided by* (current maturities of long term debt (excluding the balance on the Revolving Note) *plus* current portion of capital lease obligations *plus* interest expense *plus* interest expense).

B. **Total Debt to Tangible Net Worth Ratio.** Allied's Total Debt to Tangible Net Worth ratio will not exceed 3.00 : 1.00, tested at the end of each calendar quarter. Within 30 days after the end of each calendar quarter, Allied shall execute and deliver to the Lender a statement computing the Total Debt to Tangible Net Worth Ratio, with all supporting data, and certify the same as true and correct to the Lender.

"Debt to Tangible Net Worth" shall mean Total Liabilities divided by Tangible Net Worth.

"Total Liabilities" mean all liabilities of Borrower other than contingent liabilities and debt subordinated to Lender debt.

"Tangible Net Worth" means Borrower's Net Worth less (i) any and all loans and other advances to affiliates, subsidiaries, parent, employees, officers,



stockholders, directors, or other related entities; (ii) notes, notes receivable, accounts, accounts receivable, inter-company receivables, and other amounts owing from affiliates, subsidiaries, parent, employees, officers, stockholders, directors, or other related entities; (iii) treasury stock, goodwill, trademarks, trade names, franchise or license agreements, patents, and deferred charges; and (iv) any and all other intangible assets.

"Net Worth" means total partner/member/shareholder's equity plus partner/member/shareholder's debt subordinated to Lender debt minus any receivables from partner/member/shareholder.

VIII. **ADVANCES UNDER BORROWING BASE CERTIFICATE.** Advances under the Revolving Note will be based on receipt and verification of a Borrowing Base Certificate, a copy of which is attached hereto, reflecting that advances do not exceed the total principal amount outstanding under the Revolving Note ("total outstanding debt"), or any other limitations set forth therein. Allied may not request or obtain an advance under the Revolving Note if such advance would cause the total outstanding debt on the Revolving Note to exceed the Borrowing Base.

"Accounts Receivables" means the aggregate amount of Allied's accounts receivable. "Eligible Accounts Receivable," as set out on the Borrowing Base Certificate, means all Accounts Receivable acceptable to Lender in its sole discretion, but expressly excludes those exclusions set forth in the Borrowing Base Certificate.

"Inventory" means all of the Allied's inventory, including work in progress, finished goods and materials. "Eligible Inventory," as set out on the Borrowing Base Certificate, means all Inventory acceptable to Lender in its sole discretion, but expressly excludes those exclusions set forth in the Borrowing Base Certificate.

"Qualifying Percentage" means, as to Eligible Accounts Receivable, 80% of Eligible Accounts Receivable. As to Eligible Inventory, 50% of Eligible Inventory (not to exceed \$100,000.00).

The "Borrowing Base" is the lesser of \$750,000.00 or the Qualifying Percentage of Eligible Accounts Receivable and Eligible Inventory.

In the event at any time the Borrowing Base is less than the total outstanding debt on the Revolving Note, or the total outstanding debt exceeds \$750,000.00, then Allied shall immediately prepay such amount of the Revolving Note as is required to reduce the total outstanding debt on the Revolving Note to an amount less than or equal to the lesser of the Borrowing Base or \$750,000.00. Allied shall not be entitled to any advances under the Revolving Note if any Event of Default, or event or condition that but for notice or opportunity to cure would be an Event of Default, has occurred and is continuing, or after maturity of any of the Revolving Note (for any reason). It is an Event of Default if the total outstanding debt on the Revolving Note exceeds the lesser of the Borrowing Base or \$750,000.00 for a period of more than ten (10) consecutive days following the date that Allied is notified of same.

Allied warrants and represents that all of the inventory and accounts pledged by the Inventory Security Agreement are owned by Allied, and not subject to any statutory or contractual landlord's liens or any security interests except in favor of Lender.

IX. **NEGATIVE COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Notes, and the performance of all other obligations of the Borrower and Guarantors under the Loan, Borrower shall not, without the prior written consent of Lender:

A. **Transfer of Assets.** Sell, lease, assign or otherwise dispose of or transfer any material assets, except to Lender.

B. **Liens.** Knowingly grant, suffer or permit liens on or security interests in the Collateral, or fail to promptly pay all lawful claims, whether for labor, materials or otherwise, subject to contesting disputed matters in good faith.

C. **Executive Personnel/Ownership.** Change its present executive or management personnel, or change its ownership or ownership structure.

D. **Character of Business.** Change the general character of business as conducted at the date hereof, or engage in any type of business not reasonably related to its business as presently and normally conducted, or enter into any merger or consolidation.

E. **Indebtedness.** Incur direct or contingent indebtedness except trade payables in the ordinary course of business.

Notwithstanding any prohibition in the Security Agreements or Loan Agreement, Allied may sell any of the Collateral securing repayment of the Loan, and its shareholders may sell their equity interest in Allied, if, but only if: (i) no condition or event which constitutes an Event of Default, or event that but for notice and opportunity to cure would be an Event of Default, exists; (ii) each of the Revolving Note, Term Note, and Equipment Note are paid in full either prior to the sale of the assets or equity or with the proceeds of the sale of the assets or equity; (iii) the purchaser acquiring the assets of Allied executes a subordination and estoppel agreement in such form as Lender reasonably provides or approves; and (iv) Allied pays all of Lender's costs associated with the purchase and sale transaction, including, but not limited to, Lender's reasonable attorneys' fees. Any such sale which satisfies the foregoing requirements shall not constitute an Event of Default under the Real Estate Note or the Loan Documents evidencing or securing the same.

X. **EVENTS OF DEFAULT.** If one or more of the following events of default ("Event of Default") shall occur, all outstanding principal plus accrued and unpaid interest on the Notes and any other indebtedness of Borrower to Lender (other than the unearned portion of such obligations, if any) shall be due and payable immediately, at Lender's option and declaration, and in the event of such declaration, Lender shall have no further obligation to make advances or extend credit under this Agreement, the Loan, or the other Loan Documents:

A. Default shall be made in the payment of any installment of principal or interest or other sums under the Loan Documents, or in any other obligation of Borrower to Lender when due and payable, whether at maturity or otherwise, unless cured within 10 days after written notice is given by Lender to Borrower; or

B. Default shall be made in the performance of any term, covenant or agreement (other than a default under A, above, or in the sub-sections below) contained herein unless cured within 10 days after written notice is given by Lender to Borrower; or

C. Any representation or warranty herein or in any Loan Document contained or in any financial statement, certificate, report or opinion submitted to Lender in connection with the Loan or pursuant to the requirements of this Agreement or other Loan Documents shall prove to have been incorrect or misleading in any material respect when made; or

D. Any judgment against either Borrower or any Guarantor or any attachment or other levy against the property of any Borrower or any Guarantor with respect to a claim remains unpaid, unstayed on appeal, undischarged, not bonded or not dismissed for a period of 30 days; or

E. Either Borrower or Nu Prints dissolves or commences winding up; or

F. Any individual Guarantor dies; or

G. An Event of Default under any of the Security Agreements, Deed of Trust, or any other Loan Document; or

H. Either Borrower or any Guarantor makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to tribunal for any receiver or any trustee of either Borrower or any Guarantor or any substantial part of its property, commences any action relating to either Borrower or any Guarantor under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or if there is commenced against either Borrower or any Guarantor any such action, or either Borrower or any Guarantor by any act indicates its consent to or approval of any trustee for either Borrower or any Guarantor or any substantial part of its property, or suffers any such receivership or trustee to continue undischarged; or

I. Any material and adverse change in the business or financial condition of either Borrower or any Guarantor; or

J. The occurrence of any default or event of default under any of the other Loan Documents, beyond any (if any) applicable cure period therein provided; or

K. The occurrence of any default or event of default under any other lending agreements between Lender on the one hand, and either or any of Guarantor or Borrower on the other hand, beyond any (if any) applicable cure period therein provided.

#### XI. MISCELLANEOUS.

A. **Expenses.** Borrower agrees to pay all reasonable out-of-pocket expenses of Lender in connection with this Agreement and the negotiation, administration, enforcement and or collection of the Loan Documents. Borrower also agrees to pay all reasonable attorney's fees and all expenses incurred in recording the documents and securing the Loan, including fees and expenses of the Lender's attorneys in the negotiation and preparation of this Agreement and the Loan Documents.

B. **Cumulative Rights and No Waiver.** Each and every right granted to Lender hereunder or under any other Loan Document, or allowed it by law or equity shall be cumulative of and may be exercised in addition to any and all other rights of Lender, and no delay in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise by

Lender of any right preclude any other or future exercise thereof or the exercise of any other right. Any of the foregoing covenants and agreements may be waived by Lender but only in writing signed by a Vice President or higher level officer of Lender. Borrower expressly waives any presentment, demand, protest or other notice of any kind.

No notice to or demand on Borrower in any case shall, of itself, entitle Borrower to any other or further notice or demand in similar or other circumstances. No delay or omission by Lender in exercising any power or right hereunder shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder.

C. **Amendment, Notice.** No modification, consent, amendment or waiver of any provision of this Agreement, or any other Loan Document, nor consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by a Vice President or higher level officer of Lender, and then shall be effective only in the specific instance and for the purpose for which given. This Agreement is binding upon Borrower, its successors and assigns, and inures to the benefit of Lender, its successors and assigns. Any notice required or permitted hereunder is effective when mailed to the Lender or the Borrower as the case may be, by certified mail, return receipt requested, to the address of the party as set out above (or to another address designated by the party by ten days advance written notice given hereunder), provided that any notice given to the Lender must be addressed to the attention of the Vice President or higher level officer of Lender primarily in charge of this Loan.

## XII. USA PATRIOT ACT.

### A. Certification. Borrower certifies that:

1. It is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order of the President or by the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and

2. It is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity, or nation.

B. **Indemnification.** Borrower hereby agrees to defend, indemnify and hold harmless the Lender from and against any and all claims, damages, losses, risks, liabilities and expenses (including reasonable attorneys' fees and costs) arising from or related to any breach of the foregoing certification.

XIII. **WAIVER OF TRIAL BY JURY. BORROWER, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS, OR ANY CONDUCT, ACT OR OMISSION OF LENDER OR BORROWER, OR ANY OF THEIR DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS**

AFFILIATED WITH LENDER OR BORROWER, IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

XIV. THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

XV. To facilitate execution, this Loan Agreement may be executed in multiple counterparts and on separate signature pages, so that when taken together shall constitute one, fully-executed original.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.  
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

Allied Advertising Agency, Inc., a Texas corporation

By:   
John Herbots, Vice President

Stag Point Capital, LP, a Delaware limited partnership

By: Stag Point Management, LLC, a Delaware Limited liability company

By:   
John Herbots, President

LENDER:

THE BANK OF SAN ANTONIO


By:   
~~Robert S. Glenn, Executive Vice President~~  
Michael USSery, SVP

EXHIBIT A

BORROWING BASE CERTIFICATE OF ALLIED ADVERTISING AGENCY, INC.

Number: \_\_\_\_\_

Date: 12/23/13

Accounts Receivable

Report

1. Eligible Accounts Receivable		
a. Total Value of Accounts Receivable		\$ <u>878,451.0</u>
b. Less: Ineligible Accounts Receivable		
i. Over 90 days	\$ <u>24,960.8</u>	
ii. Intercompany Receivables	\$ <u>-</u>	
iii. Otherwise Unacceptable	\$ <u>5,379.4</u>	
Total Ineligible Accounts Receivable	\$ <u>(90,340.2)</u>	
c. Net Eligible Accounts Receivable for this Period (a-b)		\$ <u>788,110.8</u>
d. 80% of Net Eligible Accounts Receivable (Item 1.c multiplied by .80)		\$ <u>630,488.6</u>

INVENTORY

REPORT

2. Eligible Inventory		
a. Total Value of Inventory		\$ <u>195,776.2</u>
b. Less: Ineligible Inventory		
(i) Slow moving reserve	\$ <u>21,304.4</u>	
(ii) Work in progress	\$ <u>-</u>	
(iii) Inventory subject to a prior lien	\$ <u>-</u>	
(iii) Otherwise unacceptable	\$ <u>-</u>	
Total Ineligible Inventory	\$ <u>(21,304.4)</u>	
c. Net Eligible Inventory for this period (a-b)		\$ <u>174,471.8</u>
d. 50% Net Eligible Inventory (Item 2.c multiplied by .50)		\$ <u>87,235.9</u>
e. Lesser of \$100,000 and Item 2.d		\$ <u>87,235.9</u>
3. Borrowing Base (Sum of Item 1.d and 2.e)		\$ <u>717,471.8</u>

Loan Request

4. Loan Amount to Which Borrower is Entitled (the lesser of Item 3 or \$750,000.00)		\$ <u>717,471.8</u>
5. Loan Balance		
a. Loan Balance Last Report (Line 5.d of last report)	\$ _____	
b. Add: Draws	\$ _____	
c. Less: Payments	\$ _____	
d. Loan Balance for this Period	\$ _____	

6. Excess – Subtract Item 5.d from Item 4 (if the result is a negative number, Borrower is in default of its Loan and must pay Bank such amount.)

\$ \_\_\_\_\_

Borrower Certification

The undersigned hereby warrants that the foregoing is a correct statement regarding the assignment of new accounts receivable and collection of accounts receivable to The Bank of San Antonio and that the reconciliation figures are fully and correctly set forth. No default has occurred and is continuing on any of Borrower's contracts, nor has any notice been received concerning any funding deficiency or termination of any contract.

Authorized Signature:  Title *Exec Vice President*  
Subject to all other limitations contained in the Loan Agreement, Advances will only be made on a Business Day if written request for such Advance (properly documented) is received by Bank Officer prior to 1:00 p.m. on that day.

**ALLIED ADVERTISING AGENCY, INC.**  
**BANK COVENANTS**  
for the Twelve-Month and YTD Periods Ended November 30, 2013

	<u>Covenant</u>	<u>TTM Actual</u>	<u>YTD Actual Annualized</u>
<b>CALCULATION OF TANGIBLE NET WORTH -</b>			
Stockholders' Equity		\$ 1,227,206.62	\$ 1,227,206.62
LESS			
Intangible Assets		20,169.22	20,169.22
Shareholder Receivables		139,184.98	139,184.98
Treasury Stock		<u>(138,854.97)</u>	<u>(138,854.97)</u>
<b>Tangible Net Worth</b>		<b><u>\$ 1,206,707.39</u></b>	<b><u>\$ 1,206,707.39</u></b>
<b>TOTAL DEBT TO TANGIBLE NET WORTH RATIO -</b>			
NOT TO EXCEED 3.00 TO 1.00			
Total Liabilities:			
Current Liabilities		\$ 516,866.02	\$ 516,866.02
Bank Line of Credit		421,510.47	421,510.47
Long-Term Debt (including Capital Leases)		<u>244,537.95</u>	<u>244,537.95</u>
Total Liabilities		<u>\$ 1,182,914.44</u>	<u>\$ 1,182,914.44</u>
Tangible Net Worth		<u>\$ 1,206,707.39</u>	<u>\$ 1,206,707.39</u>
<b>Ratio</b>		<b><u>0.98</u></b>	<b><u>0.98</u></b>
<b>MINIMUM DEBT SERVICE COVERAGE RATIO -</b>			
NOT LESS THAN 1.25 TO 1.00			
Total Cash Throwoff		<u>\$ 389,252.80</u>	<u>\$ 498,674.71</u>
Total Debt Service		<u>\$ 169,295.04</u>	<u>\$ 169,295.04</u>
<b>Ratio</b>		<b><u>2.30</u></b>	<b><u>2.95</u></b>



**ALLIED ADVERTISING AGENCY, INC.**  
Borrowing Base  
as of November 30, 2013

Largest 15 A/R	Aging				Total	25% Con- centration	Throw Out	25% Past Due	Throw Out
	Current	30-60	60-90	> 90					
10,625.7	4,409.3	3,699.0	695.8	19,429.8	2.1%	-	3.6%	-	
10,774.6	-	1,092.5	-	11,867.1	1.4%	-	0.0%	-	
11,376.7	5,773.2	1,527.8	-	18,677.7	2.1%	-	0.0%	-	
6,949.1	1,341.6	3,569.1	1,920.0	13,779.7	1.4%	-	13.9%	-	
5,609.4	-	5,999.3	-	11,608.7	1.3%	-	0.0%	-	
6,472.9	-	3,763.0	323.7	10,559.6	1.2%	-	3.1%	-	
1,869.2	644.0	8,462.2	-	10,975.4	1.2%	-	0.0%	-	
23,700.0	4,353.0	1,479.6	-	29,532.5	3.4%	-	0.0%	-	
45,787.9	5,534.9	3,434.4	-	54,757.2	6.2%	-	0.0%	-	
10,113.0	-	-	-	10,113.0	1.2%	-	0.0%	-	
10,016.1	1,164.8	3,471.0	-	14,651.9	1.7%	-	0.0%	-	
3,928.8	540.8	909.8	5,500.0	10,879.4	0.6%	-	50.6%	5,379.4	
10,363.6	856.6	-	379.7	11,599.9	1.3%	-	3.3%	-	
-	31,548.8	-	-	31,548.8	3.6%	-	0.0%	-	
9,820.6	-	2,627.8	-	12,448.4	1.4%	-	0.0%	-	
384,535.0	57,102.7	119,425.2	76,837.4	637,900.4	63.9%	-	0.0%	-	
<b>Totals</b>	<b>\$ 531,496.0</b>	<b>\$ 108,860.4</b>	<b>\$ 153,133.8</b>	<b>\$ 84,960.8</b>	<b>100.0%</b>	<b>\$</b>	<b>\$ 5,379.4</b>	<b>\$</b>	
	<b>60.5%</b>	<b>12.4%</b>	<b>17.4%</b>	<b>9.7%</b>					

A/R & Inv. Coverage of Debt	
Total A/R	\$ 878,451.0
Less: Amts > 90 days	84,960.8
25% Concentration	-
25% Past Due Rule (Net)	5,379.4
Related Parties	-
Foreign Accounts	-
Contra Accounts	-
Purchase Money Liens	-
Eligible A/R	788,110.8
B/B Advance Rate	80.0% \$ 630,488.6
Eligible Inventory @11/30/13	174,471.8
B/B Advance Rate (> of 50% or \$100,000)	50.0% 87,235.9
<b>Total Borrowing Base</b>	<b>\$ 717,724.5</b>
Bank Borrowing Base Limit	\$ 717,724.5
RLOC	421,510.5
L/C's	-
Total	421,510.5
Excess/(Deficit) from Borrowing Base	\$ 296,214.1
Excess/(Deficit) based on Total Eligible	\$ 296,214.1

**ALLIED ADVERTISING AGENCY, INC.**  
**CONSOLIDATING BALANCE SHEETS**  
as of November 30, 2013

	Allied	Nu Prints	Elim.	Combined
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash				
Cash in Bank	\$ 1,700.00	\$ 5,642.91	-	\$ 5,642.91
Petty Cash	1,700.00	1,000.00	-	2,700.00
	<u>1,700.00</u>	<u>6,642.91</u>	<u>-</u>	<u>8,342.91</u>
<b>Accounts Receivable</b>				
Accounts Receivable - Trade	758,753.09	119,697.86	-	878,450.95
Accounts Receivable - Employees & Other	5,128.03	500.00	-	5,628.03
	<u>763,881.12</u>	<u>120,197.86</u>	<u>-</u>	<u>884,078.98</u>
<b>Other Current Assets</b>				
Inventories	141,615.86	32,855.97	-	174,471.83
Prepaid Expenses	8,358.71	316.25	-	8,674.96
Prepaid Interest	1,821.25	-	-	1,821.25
Deposits	4,634.63	994.00	-	5,628.63
Other Current Assets	2,400.00	-	-	2,400.00
	<u>158,830.45</u>	<u>34,166.22</u>	<u>-</u>	<u>192,996.67</u>
	<u>924,411.57</u>	<u>161,006.99</u>	<u>-</u>	<u>1,085,418.56</u>
<b>TOTAL CURRENT ASSETS</b>				
<b>FIXED ASSETS</b>				
Office Furniture & Equipment	35,915.82	5,862.84	-	41,778.66
Operating Equipment	1,073,896.23	339,749.05	-	1,413,645.28
Vehicles	135,796.89	9,489.19	-	145,286.08
Computers & Software	170,619.86	31,176.55	-	201,796.41
Leasehold Improvements	232,207.01	1,994.84	-	234,201.85
Accumulated Depreciation	(851,497.32)	(349,011.66)	-	(1,200,508.98)
	<u>796,938.49</u>	<u>39,260.81</u>	<u>-</u>	<u>836,199.30</u>
<b>OTHER ASSETS</b>				
Notes Receivable - Shareholders	139,184.98	-	-	139,184.98
Investment in Subsidiary	366,149.00	-	-	366,149.00
Other Assets - Net of Amortization	20,169.22	-	-	20,169.22
	<u>515,503.20</u>	<u>-</u>	<u>-</u>	<u>515,503.20</u>
	<u>\$ 2,236,853.26</u>	<u>\$ 200,267.80</u>	<u>\$ -</u>	<u>\$ 2,437,121.06</u>
<b>TOTAL ASSETS</b>				

**ALLIED ADVERTISING AGENCY, INC.**  
CONSOLIDATING BALANCE SHEETS  
as of November 30, 2013

	Allied	Nu Prints	Elim.	Combined
<b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable - Trade	\$ 343,469.44	\$ 72,901.10	-	\$ 416,370.54
Accrued Wages & Expenses	31,121.31	10,111.50	-	41,232.81
Sales Taxes Payable	22,367.09	557.03	-	22,924.12
401(K) Payable	10,901.44	-	-	10,901.44
Interco Accounts	(54,272.22)	54,272.22	-	-
Other	20,747.14	4,689.97	-	25,437.11
	<u>374,334.20</u>	<u>142,531.82</u>	<u>-</u>	<u>516,866.02</u>
<b>BANK LINE OF CREDIT</b>				
Bank Line of Credit	421,510.47	-	-	421,510.47
<b>LONG TERM LIABILITIES</b>				
Notes Payable - Banks	244,537.95	-	-	244,537.95
Subordinated Notes Payable - Others	-	-	-	-
Subordinated Notes Payable - Shareholders	27,000.00	-	-	27,000.00
	<u>271,537.95</u>	<u>-</u>	<u>-</u>	<u>271,537.95</u>
<b>STOCKHOLDERS' EQUITY</b>				
Common Stock	3,964.00	1,000.00	(1,000.00)	3,964.00
Treasury Stock	(138,854.97)	-	-	(138,854.97)
Paid-In-Capital	466,627.28	(9,227.72)	1,000.00	458,399.56
Retained Earnings	640,340.89	8,800.71	-	649,141.60
Net Income	197,393.44	57,162.99	-	254,556.43
	<u>1,169,470.64</u>	<u>57,735.98</u>	<u>-</u>	<u>1,227,206.62</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u>\$ 2,236,853.26</u>	<u>\$ 200,267.80</u>	<u>\$ -</u>	<u>\$ 2,437,121.06</u>

**ALLIED ADVERTISING AGENCY, INC.**

**CONSOLIDATING INCOME STATEMENTS**

for the Three and Twelve-Month Periods Ended November 30, 2013

	Three-Months			TTM			%
	Allied	NuPrints	Elim. Combined	Allied	NuPrints	Elim. Combined	
<b>SALES</b>	\$ 22,823	\$ -	\$ 22,823	\$ 97,261	\$ -	\$ 97,261	2.1%
General Screen Printing	123,144	-	123,144	255,547	-	255,547	5.6%
Political Screen Printing, Signage, & Textiles	8,649	6,946	15,595	33,796	36,193	69,988	1.5%
Stakes & Freight Income	37,622	-	37,622	214,785	-	214,785	4.7%
Banners & Signage	84,781	-	84,781	367,340	-	367,340	8.1%
Banners & Signage Installations	635,662	315,010	950,672	1,909,078	1,073,641	2,982,719	61.9%
General Textiles & Embroidery	119,532	-	119,532	326,342	-	326,342	7.2%
Digital Prints & Vehicle Graphics	82,781	2,210	84,991	279,127	2,210	281,337	6.2%
Subcontract Jobs & Commercial Printing	-	-	-	50,315	-	50,315	1.1%
Consulting	7,663	10,253	17,916	32,106	34,735	66,841	1.5%
Miscellaneous	1,122,657	334,419	1,457,076	3,565,697	1,146,779	4,712,476	100.0%
<b>TOTAL SALES</b>	<b>1,122,657</b>	<b>334,419</b>	<b>1,457,076</b>	<b>3,565,697</b>	<b>1,146,779</b>	<b>4,712,476</b>	<b>100.0%</b>
<b>DIRECT COST OF SALES</b>							
Production Materials - Screen Print & Banners	60,911	-	60,911	188,020	-	188,020	4.1%
Production Materials - Textiles	252,372	23,021	275,393	787,057	53,973	841,031	18.5%
General Supplies	33,506	37,637	71,143	126,489	120,725	247,214	5.5%
Direct Labor	106,094	88,365	194,459	388,743	292,516	681,260	15.0%
Support Labor	54,809	53,239	108,047	210,956	190,231	401,187	8.8%
Payroll Taxes	12,966	11,026	23,992	52,795	43,953	96,749	2.1%
Subcontracts	142,323	9,441	151,764	319,125	37,427	356,552	4.0%
Equipment Leases, Maint. & Repairs	6,836	441	7,277	22,647	4,088	26,735	0.6%
Permits & Fees	9,940	-	9,940	46,536	-	46,536	1.0%
Depreciation	7,083	5,953	13,036	141,215	18,397	159,613	3.5%
Miscellaneous	686,839	229,123	915,962	34,848	26,575	61,423	1.4%
<b>TOTAL DIRECT COST OF SALES</b>	<b>435,818</b>	<b>105,296</b>	<b>541,114</b>	<b>2,318,433</b>	<b>787,886</b>	<b>3,106,319</b>	<b>64.6%</b>
<b>GROSS MARGIN</b>	<b>38.8%</b>	<b>31.5%</b>	<b>39.2%</b>	<b>35.0%</b>	<b>31.3%</b>	<b>35.4%</b>	
<b>OPERATING EXPENSES</b>							
Advertising & Promotions	11,253	485	11,738	33,105	1,972	35,077	0.8%
Sales & Administrative Salaries	189,501	40,375	229,875	659,273	165,262	824,535	18.2%
Payroll Taxes & Service Fees	15,651	4,432	20,083	59,178	18,733	77,911	1.7%
Contributions & Gifts	500	-	500	550	-	550	0.0%
Dues & Subscriptions	2,477	94	2,571	7,586	1,018	8,604	0.2%
Vehicle Expense	16,044	3,921	19,965	50,199	10,382	60,581	1.3%
General Insurance	16,352	5,570	21,922	49,379	19,876	69,255	1.5%
Employee Benefits/Healthcare	11,198	3,546	14,744	43,718	20,718	64,436	1.4%
401(K) Company Match	721	-	721	1,110	-	1,110	0.0%
Office Supplies & Expenses	1,237	1,748	2,985	8,376	3,824	12,200	0.3%
Office Equipment Leases	1,797	1,729	3,525	4,973	6,192	11,165	0.2%
Computer Expenses	1,662	1,416	3,079	6,853	4,065	10,918	0.2%
Management Fees	4,000	-	4,000	4,000	-	4,000	0.1%
Legal & Professional Fees	2,832	-	2,832	24,163	-	24,163	0.5%
Facilities Rent	23,983	4,608	28,591	98,502	18,286	116,788	2.6%
Repairs & Maintenance	6,807	230	7,037	21,012	1,665	22,677	0.5%
Bank & Credit Card Fees	3,000	2,273	5,273	12,307	7,430	19,737	0.4%
Postage	2,292	113	2,405	4,784	325	5,109	0.1%
Amortization of Intangibles	-	-	-	69,199	-	69,199	1.5%
Telephone	4,668	2,801	7,469	15,397	7,511	22,908	0.5%
Utilities	11,250	10,401	21,650	34,896	36,229	71,125	1.6%

**ALLIED ADVERTISING AGENCY, INC.**

CONSOLIDATING INCOME STATEMENTS

for the Three and Twelve-Month Periods Ended November 30, 2013

	Three-Months			TTM				
	%			%				
	Allied	NuPrints	Elim.	Combined	Allied	NuPrints	Elim.	Combined
Janitorial & Security	1,189	457	-	1,647	5,345	1,749	-	7,094
Seminars & Fees	-	-	-	-	-	332	-	332
Employee Relations, Recruiting, etc	2,025	314	-	2,339	10,213	1,045	-	11,257
Travel, Lodging & Meals	1,845	-	-	1,845	12,162	47	-	12,208
Taxes	6,220	1,700	-	7,920	27,057	3,565	-	30,623
Texas Franchise Taxes	495	663	-	1,158	1,980	2,125	-	4,105
Miscellaneous	3,000	9	-	3,009	11,581	3,805	-	15,387
<b>TOTAL OPERATING EXPENSES</b>	<b>342,030</b>	<b>86,884</b>	<b>-</b>	<b>428,914</b>	<b>1,276,898</b>	<b>336,156</b>	<b>-</b>	<b>1,613,054</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>93,788</b>	<b>18,412</b>	<b>-</b>	<b>112,201</b>	<b>(29,633)</b>	<b>22,736</b>	<b>-</b>	<b>(6,897)</b>
<b>OTHER INCOME/EXPENSES</b>								
Interest (Income)/Expense	14,537	-	-	14,537	49,410	150	-	49,589
Other (Income)/Expense	-	-	-	-	(750)	-	-	(750)
<b>NET OTHER (INCOME)/EXPENSES</b>	<b>14,537</b>	<b>-</b>	<b>-</b>	<b>14,537</b>	<b>48,660</b>	<b>150</b>	<b>-</b>	<b>48,809</b>
Federal Income Tax Provision	-	-	-	-	-	-	-	-
<b>NET INCOME/(LOSS)</b>	<b>\$ 79,251</b>	<b>\$ 18,412</b>	<b>\$ -</b>	<b>\$ 97,664</b>	<b>\$ (78,293)</b>	<b>\$ 22,586</b>	<b>\$ -</b>	<b>\$ (55,706)</b>
<b>EBIT</b>	<b>\$ 93,788</b>	<b>\$ 18,412</b>	<b>\$ -</b>	<b>\$ 112,201</b>	<b>\$ (28,883)</b>	<b>\$ 22,736</b>	<b>\$ -</b>	<b>\$ (6,147)</b>
<b>EBITDA</b>	<b>\$ 93,788</b>	<b>\$ 18,412</b>	<b>\$ -</b>	<b>\$ 112,201</b>	<b>\$ 181,531</b>	<b>\$ 41,134</b>	<b>\$ -</b>	<b>\$ 222,665</b>
	<b>8.4%</b>	<b>5.5%</b>	<b>0.0%</b>	<b>8.1%</b>	<b>5.1%</b>	<b>3.6%</b>	<b>0.0%</b>	<b>4.9%</b>
Add Rent Expense	4,150	-	-	-	-	-	-	116,788
<b>EBITDAR</b>	<b>4,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,293)</b>	<b>22,586</b>	<b>-</b>	<b>339,453</b>
Add Other Rental Income	-	-	-	-	-	-	-	49,800
<b>Total Cash Throwoff</b>	<b>4,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,660</b>	<b>150</b>	<b>-</b>	<b>389,253</b>
Stag Point Mortgage Loan payments	6,544	-	-	-	-	-	-	78,534
Allied New Equipment Note	2,653	-	-	-	-	-	-	31,955
Allied Shareholder payments (prorated)	1,726	-	-	-	-	-	-	20,712
Stag Point McGoon payment (prorated)	1,188	-	-	-	-	-	-	14,250
Geneva Capital Lease	1,987	-	-	-	-	-	-	23,844
<b>Total Debt Service</b>	<b>14,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,295</b>
<b>Net EBITDAR Ratio</b>								<b>\$ 170,158</b>
								<b>2.01</b>
<b>Net Cash Throwoff Ratio</b>								<b>\$ 219,958</b>
								<b>2.30</b>

**ALLIED ADVERTISING AGENCY, INC.**

**CONSOLIDATING INCOME STATEMENTS**

for the Month and the Eleven-Month Periods Ended November 30, 2013

	Month			YTD			%
	Allied	NuPrints	Elim.	Combined	Elim.	Combined	
	\$		\$	\$	\$	\$	
<b>SALES</b>							
General Screen Printing	7,238	-	-	7,238	-	-	1.7%
Political Screen Printing, Signage, & Textiles	68,080	-	-	68,080	-	-	15.8%
Stakes & Freight Income	4,872	2,152	-	7,024	-	-	1.6%
Banners & Signage	7,405	-	-	7,405	-	-	1.7%
Banners & Signage Installations	26,140	-	-	26,140	-	-	6.1%
General Textiles & Embroidery	170,027	89,583	(23,226)	236,384	(162,522)	2,675,702	54.8%
Digital Prints & Vehicle Graphics	22,794	800	-	23,594	-	-	5.3%
Subcontract Jobs & Commercial Printing	52,523	-	-	53,323	-	-	12.4%
Consulting	-	-	-	-	-	-	0.0%
Miscellaneous	1,521	1,138	-	2,659	-	-	0.6%
<b>TOTAL SALES</b>	<b>360,599</b>	<b>93,673</b>	<b>(23,226)</b>	<b>431,046</b>	<b>(162,522)</b>	<b>4,288,960</b>	<b>100.0%</b>
<b>DIRECT COST OF SALES</b>							
Production Materials - Screen Print & Banners	18,186	-	-	18,186	-	-	4.2%
Production Materials - Textiles	64,348	9,483	-	73,832	-	-	17.1%
General Supplies	7,306	7,752	-	15,058	-	-	3.5%
Direct Labor	36,053	27,995	-	64,088	-	-	14.9%
Support Labor	18,133	17,711	-	35,844	-	-	8.3%
Payroll Taxes	4,370	3,461	-	7,831	-	-	1.8%
Subcontracts	56,196	6,854	(23,226)	39,824	(162,522)	35,748	9.2%
Equipment Leases, Maint. & Repairs	2,706	441	-	3,147	-	-	0.7%
Permits & Fees	2,332	-	-	2,332	-	-	0.5%
Depreciation	-	-	-	-	-	-	0.0%
Miscellaneous	1,587	1,957	-	3,544	-	-	0.8%
<b>TOTAL DIRECT COST OF SALES</b>	<b>211,258</b>	<b>75,654</b>	<b>(23,226)</b>	<b>263,686</b>	<b>(162,522)</b>	<b>2,570,653</b>	<b>61.2%</b>
<b>GROSS MARGIN</b>	<b>149,342</b>	<b>18,019</b>	<b>-</b>	<b>167,360</b>	<b>-</b>	<b>1,718,307</b>	<b>38.8%</b>
	41.4%	19.2%	0.0%	38.8%	0.0%	40.1%	
<b>OPERATING EXPENSES</b>							
Advertising & Promotions	4,084	166	-	4,250	-	-	1.0%
Sales & Administrative Salaries	68,196	12,346	-	81,141	-	-	18.8%
Payroll Taxes & Service Fees	5,588	1,541	-	7,129	-	-	1.7%
Contributions & Gifts	-	-	-	-	-	-	0.0%
Dues & Subscriptions	1,494	47	-	1,541	-	-	0.4%
Vehicle Expense	5,365	1,802	-	7,166	-	-	1.7%
General Insurance	3,666	1,656	-	7,022	-	-	1.6%
Employee Benefits/Healthcare	4,014	337	-	4,351	-	-	1.0%
401(K) Company Match	-	-	-	-	-	-	0.0%
Office Supplies & Expenses	245	143	-	388	-	-	0.1%
Office Equipment Leases	163	593	-	757	-	-	0.2%
Computer Expenses	565	113	-	678	-	-	0.2%
Management Fees	2,000	-	-	2,000	-	-	0.5%
Legal & Professional Fees	242	-	-	242	-	-	0.1%
Facilities Rent	8,014	1,608	-	9,622	-	-	2.2%
Repairs & Maintenance	1,523	230	-	1,753	-	-	0.4%
Bank & Credit Card Fees	1,012	873	-	1,885	-	-	0.4%
Postage	991	12	-	1,003	-	-	0.2%
Amortization of Intangibles	-	-	-	-	-	-	0.0%
Telephone	2,336	678	-	3,012	-	-	0.7%
Utilities	3,325	3,198	-	6,523	-	-	1.5%
<b>TOTAL OPERATING EXPENSES</b>	<b>149,342</b>	<b>18,019</b>	<b>-</b>	<b>167,360</b>	<b>-</b>	<b>1,718,307</b>	<b>40.1%</b>
	41.4%	19.2%	0.0%	38.8%	0.0%	40.1%	
<b>NET INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
	-	-	-	-	-	-	0.0%
<b>NET OPERATING ASSETS</b>	<b>181,355</b>	<b>52,165</b>	<b>-</b>	<b>181,355</b>	<b>-</b>	<b>181,355</b>	<b>4.2%</b>
	729,628	117,001	-	781,792	-	-	18.2%
	119,800	267,374	-	236,801	-	-	5.5%
	359,090	175,523	-	626,464	-	-	14.6%
	193,249	40,750	-	368,772	-	-	8.6%
	48,960	35,748	-	89,711	-	-	2.1%
	295,242	2,875	-	168,468	(162,522)	-	3.9%
	20,205	-	-	23,080	-	-	0.5%
	43,983	-	-	43,983	-	-	1.0%
	-	-	-	-	-	-	0.0%
	24,841	25,387	-	50,228	-	-	1.2%
<b>TOTAL NET OPERATING ASSETS</b>	<b>2,016,353</b>	<b>716,823</b>	<b>(162,522)</b>	<b>2,570,653</b>	<b>(162,522)</b>	<b>2,570,653</b>	<b>59.9%</b>
	1,346,858	371,449	-	1,718,307	-	-	40.1%
	40.0%	34.1%	0.0%	38.8%	0.0%	40.1%	

**ALLIED ADVERTISING AGENCY, INC.**

CONSOLIDATING INCOME STATEMENTS

for the Month and the Eleven-Month Periods Ended November 30, 2013

	Month			YTD			%		
	Allied	NuPrints	Elim.	Combined	Allied	NuPrints		Elim.	Combined
Janitorial & Security	356	152	-	509	4,409	1,616	-	6,025	0.1%
Seminars & Fees	-	-	-	-	-	332	-	332	0.0%
Employee Relations, Recruiting, etc	2,025	228	-	2,253	6,513	610	-	7,123	0.2%
Travel, Lodging & Meals	1,145	-	-	1,145	10,510	47	-	10,556	0.2%
Taxes	2,147	750	-	2,897	24,478	3,365	-	27,843	0.6%
Texas Franchise Taxes	165	250	-	415	1,815	1,963	-	3,778	0.1%
Miscellaneous	-	-	-	-	6,583	3,805	-	10,388	0.2%
<b>TOTAL OPERATING EXPENSES</b>	<b>120,360</b>	<b>27,321</b>	<b>-</b>	<b>147,681</b>	<b>1,105,054</b>	<b>310,368</b>	<b>-</b>	<b>1,415,422</b>	<b>33.0%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>28,982</b>	<b>(9,302)</b>	<b>-</b>	<b>19,679</b>	<b>241,805</b>	<b>61,081</b>	<b>-</b>	<b>302,886</b>	<b>7.1%</b>
<b>OTHER INCOME/EXPENSES</b>									
Interest (Income)/Expense	4,897	-	-	4,897	45,161	111	-	45,273	1.1%
Other (Income)/Expense	-	-	-	-	(750)	-	-	(750)	0.0%
<b>NET OTHER (INCOME)/EXPENSES</b>	<b>4,897</b>	<b>-</b>	<b>-</b>	<b>4,897</b>	<b>44,411</b>	<b>111</b>	<b>-</b>	<b>44,523</b>	<b>1.0%</b>
Federal Income Tax Provision	-	-	-	-	-	-	-	-	0.0%
<b>NET INCOME/(LOSS)</b>	<b>\$ 24,085</b>	<b>\$ (9,302)</b>	<b>\$ -</b>	<b>\$ 14,782</b>	<b>\$ 197,393</b>	<b>\$ 60,970</b>	<b>\$ -</b>	<b>\$ 258,363</b>	<b>5.0%</b>
<b>EBIT</b>	<b>\$ 28,982</b>	<b>\$ (9,302)</b>	<b>\$ -</b>	<b>\$ 19,679</b>	<b>\$ 242,555</b>	<b>\$ 61,081</b>	<b>\$ -</b>	<b>\$ 303,636</b>	<b>7.1%</b>
<b>EBITDA</b>	<b>\$ 28,982</b>	<b>\$ (9,302)</b>	<b>\$ -</b>	<b>\$ 19,679</b>	<b>\$ 242,555</b>	<b>\$ 61,081</b>	<b>\$ -</b>	<b>\$ 303,636</b>	<b>7.1%</b>
	8.0%	-9.9%	0.0%	4.6%	7.2%	5.6%	0.0%	7.1%	
Add Rent Expense (Annualized)									
EBITDAR (Annualized)	4,150							117,635.80	
Add Other Rental Income								448,875	
Total Cash Throwoff								49,800	
								498,675	
Stag Point Mortgage Loan payments	6,544							78,534	
Allied New Equipment Note	2,663							31,955	
Allied Shareholder payments (prorated)	1,726							20,712	
Stag Point McGoan payment (prorated)	1,188							14,250	
Geneva Capital Lease	1,987							23,844	
Total Debt Service	14,108							169,295	
<b>Net EBITDAR Ratio</b>								279,580	
								2,655	
<b>Net Cash Throwoff Ratio</b>								329,380	
								2,955	

“EXHIBIT A-1”



## FIRST AMENDMENT TO LOAN AGREEMENT

Date: September 12, 2014

Borrower: **Stag Point Capital, LP**, a Delaware limited partnership  
(herein "Stag" or "Borrower")  
Delaware File No. 4111253  
3700 Blanco Road  
San Antonio, Texas 78230

Lender: **THE BANK OF SAN ANTONIO**  
8000 IH 10 West, Suite 1100  
San Antonio, Texas 78230

This First Amendment to the Loan Agreement ("First Amendment") is made on the above date by and between Borrower and Lender, and pertains to the Loan. This First Amendment amends that certain Loan Agreement between Stag and Allied Advertising Agency, Inc. (herein "Allied"), a Texas corporation, and Lender dated December 23, 2013 (the "Agreement" and collectively with this First Amendment and all further renewals, extensions, modifications, or amendments thereto, the "Loan Agreement").

### 1. THE LOAN

1.1. Loan. Lender has agreed to modify, subject to the terms of this First Amendment and the other Loan Documents of even date herewith, and hereby does modify, the Agreement such that each of the Revolving Note, Term Note, and Equipment Note are no longer subject to the terms of the Agreement and only the Real Estate Note remains subject to the Agreement. This First Amendment modifies the Loan to eliminate the Revolving Note, Term Note, and Equipment Note from the terms of the Agreement and to remove Allied as a Borrower under the Loan Documents as set forth below. All references to the Revolving Note, Term Note, and Equipment Note are hereby deleted in their entirety from the Loan Agreement and Loan Documents. Any reference in the Loan Documents to the Notes is hereby deemed amended to refer solely to the Real Estate Note. Any reference in the Loan Documents to the Loan shall be deemed to refer to the extension of credit or advance to or for the account of Stag and relating to the Real Estate Note. At no time will Lender's loan commitment exceed **\$760,000.00**, and Lender shall have no obligation to fund under the Note in an amount in excess of **\$760,000.00**. This First Amendment and all other documents evidencing the modification of the Note of even date herewith are Loan Documents.

1.2. Release of Allied Advertising Agency, Inc. Allied is hereby released as a Borrower from the Loan and Loan Documents. Pursuant to a Release of Guarantors of even date herewith, Allied has also been released as a Guarantor of the Loan. Stag hereby ratifies and confirms Allied's release as a Borrower and Guarantor of the Loan and any reference to "Borrower" from and after the date hereof shall refer solely to Stag. Stag assumes all obligations of Borrower under the Loan.

1.3. Cross-Default; Cross-Collateralization. A default under this First Amendment or under any of the other Loan Documents, including, but not limited to, the Loan Documents dated of even date herewith, or the Real Estate Note is a default under the Real Estate Note and each of the other Loan Documents. All collateral secures the entire Loan and any other debt of Borrower to Lender (except as may be prohibited by law). From and after the date hereof, a default under the Real Estate Note is not a default under any lending arrangements between Allied and Lender and a default under any lending arrangements between Allied and Lender is not a default under any lending arrangements between Stag and Lender.

Furthermore, no collateral for any loan facility between Stag and Lender shall secure, directly or indirectly, any loan facility between Allied and Lender and vice versa.

1.4. **Collateral.** The Loan will be secured by the Deed of Trust and the collateral described therein which includes the Property; this collateral may be referred to as the "Collateral." All Collateral shall be at all times fully satisfactory to Lender; if Lender in its sole discretion determines that any Collateral is not of a quality or nature to the Collateral at the time the Loan is funded, then the Borrower shall, on ten (10) days' written notice from Lender, replace such unacceptable Collateral with Collateral acceptable to Lender.

1.5. **Capitalized Terms.** Any capitalized term used herein and not otherwise defined has the meaning assigned by the Agreement.

2. **GUARANTIES.** Section IV of the Agreement is hereby restated in its entirety as follows:

"IV. **GUARANTIES.** Subject only to the limitations, if any, set forth in the respective Guaranties, below defined, of the Guarantors, below defined, the Loan will be absolutely and unconditionally guaranteed by the Guaranties of Debt (the "Guaranties") of **John Herbots**, individually, **Lola Herbots**, individually (each a "Guarantor", and collectively, the "Guarantors").

3. **REPRESENTATIONS.** Section V of the Agreement is hereby restated in its entirety as follows:

"**REPRESENTATIONS.** The Borrower represents and warrants to the Lender as follows:

A. **Good Standing.** Stag is a Delaware limited partnership currently existing, in good standing, and duly organized under the laws of the state of Texas, and has the power to own its property and to carry on its business in each jurisdiction in which it operates. The general partner of Stag, Stag Point Management, LLC, a Delaware limited liability company ("Stag Management"), is a Delaware limited liability company, in good standing, and duly organized under the laws of the state of Delaware, and has the power to own its property and to carry on its business in each jurisdiction in which it operates.

B. **Authority and Compliance.** Borrower and each Guarantor each has full power and authority to enter into the Loan Documents to which it is a party, to execute and deliver the Loan Documents and to incur the obligations provided for therein. No consent or approval of members or of any public authority is required as a condition to the validity of this Agreement or the other Loan Documents. Borrower and each Guarantor are in compliance with all laws and regulatory requirements to which each is subject.

C. **Binding Agreement.** This Agreement constitutes, and the other Loan Documents when issued and delivered pursuant hereto, will constitute valid and legally binding obligations of the parties thereto in accordance with their terms.

D. **Litigation.** There are no proceedings pending or, to the knowledge of Borrower, threatened before any court or administrative agency which will or may have a material adverse effect on the financial condition or operations of Borrower or any Guarantor, except as disclosed to Lender in writing prior to the date of this Agreement.

E. **No Conflicting Agreements.** There are no charter, bylaw, regulation, or other organizational document provisions of Borrower or Stag Management and no provisions of any existing agreement, mortgage, indenture or contract binding on Borrower or any Guarantor or affecting its respective property, which would conflict with or in any way prevent the execution, delivery or carrying out of the terms of this Agreement and the other Loan Documents.

F. **Ownership of Assets.** Borrower has good title to any Collateral pledged and the Collateral is owned free and clear of liens, and Borrower, at all times, will maintain its tangible property, real and personal, in good order and repair taking into consideration reasonable wear and tear.

G. **Taxes.** All income taxes and other taxes due and payable by Borrower or any Guarantor through the date of this Agreement have been paid prior to becoming delinquent, or are being contested in accordance with applicable law.

H. **Financial Statements.** The books and records of Borrower properly reflect its financial condition, and there has been no adverse material change in its financial condition from the condition as represented in recent statements delivered to Lender prior to the execution of this Agreement. Each financial statement provided to Lender with respect to Borrower after the date of this Agreement shall be true, correct and complete in all material respects, and shall have been prepared in conformity with generally accepted accounting principles, consistently applied.

I. **Place of Business.** Borrower's principal office and place of business is:

3700 Blanco Road  
San Antonio, Texas 78212"

4. **FINANCIAL STATEMENTS.** Section VI of the Agreement is hereby restated in its entirety as follows:

"VI. **FINANCIAL STATEMENTS AND OTHER AFFIRMATIVE COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Note, and the performance of all other obligations of the Borrower and Guarantors under the Loan:

A. **Accounting System.** Borrower shall maintain a system of accounting satisfactory to Lender and in accordance with generally accepted accounting principles consistently applied, and will permit Lender's officers or authorized representatives to visit and inspect their books of account and other records at such reasonable times and as often as Lender may desire. If such inspection occurs during the continuation of an Event of Default, the Borrower will pay the reasonable fees and disbursements of any accountants or other agents of Lender selected by Lender for the foregoing purposes. Unless written notice of another location is given to Lender, Borrower's books and records will be located at:

Borrower: 3700 Blanco Road  
San Antonio, Texas 78212

B. **Tax Returns.** Annually, within **30 days** after filing, Borrower shall, and shall cause each individual Guarantor to, furnish copies of their current federal income (and if applicable, state franchise) tax return and all schedules and exhibits and K-1s to the Lender, and such returns shall be filed timely (subject to any permitted extensions).

C. **Individual Guarantor's Financial Statements.** Borrower shall cause John Herbots and Lola Herbots to furnish to Lender their respective signed annual updated financial statements, including balance sheet, cash flow, contingent liability statement within **395 days after the date of the then current financial statements on file with Lender**, on such form as Lender may provide or approve.

D. **Other Information.** Borrower shall promptly provide Lender with such additional information, reports or statements respecting its respective business operations and financial condition as Lender may reasonably request from time to time.

E. **Insurance.** Borrower shall maintain insurance with responsible insurance companies on the Collateral, as may be customary in the industry, and on their businesses and assets generally, in such amounts and against such risks as is customarily maintained by similar businesses operating in the same vicinity, specifically to include a policy of fire and extended coverage insurance covering all assets and liability insurance, all to be with such companies and in such amounts reasonably satisfactory to Lender. Evidence of such current insurance will be promptly supplied to Lender, with mortgagee clauses in favor of Lender.

F. **Existence and Compliance.** Stag and Stag Management shall maintain their respective existence in Delaware in good standing, and comply with all laws, regulations and governmental requirements applicable to it or to any of its property, business operations and transactions, and maintain its authorization to do business in each other state in which it operates, including, but not limited to, Texas.

G. **Adverse Conditions or Events.** Borrower shall promptly advise Lender in writing of any condition, event or act which comes to its attention that would or might materially and adversely affect Borrower or any Guarantor's financial condition, Lender's rights in or to the Collateral under this Agreement or the other Loan Documents, and of any litigation filed against Borrower or any Guarantor.

H. **Taxes.** Borrower shall pay all taxes as the same become due and payable.

I. **Maintenance.** Borrower shall maintain all of their tangible property, including all Collateral, in good condition and repair and make all necessary replacements thereof, and preserve and maintain all licenses, privileges, franchise, certificates and the like necessary for the operation of its business."

5. **FINANCIAL COVENANTS.** Section VII of the Agreement is hereby deleted in its entirety and Borrower shall have no obligation to report or maintain any financial covenants.

6. **ADVANCES UNDER BORROWING BASE CERTIFICATE.** Section VIII of the Agreement is hereby deleted in its entirety and Borrower shall have no obligation to report or provide a Borrowing Base Certificate to Lender. Exhibit "A" of the Agreement is hereby deleted in its entirety.

7. **NEGATIVE COVENANTS.** Section IX of the Agreement is hereby restated in its entirety as follows:

"IX. **NEGATIVE COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Note, and the performance of all other obligations of the Borrower and Guarantors under the Loan, Borrower shall not, without the prior written consent of Lender:

A. **Transfer of Assets.** Sell, lease, assign or otherwise dispose of or transfer any material assets, except to Lender.

B. **Liens.** Knowingly grant, suffer or permit liens on or security interests in the Collateral, or fail to promptly pay all lawful claims, whether for labor, materials or otherwise, subject to contesting disputed matters in good faith.

C. **Executive Personnel/Ownership.** Change its present executive or management personnel, or change its ownership or ownership structure.

D. **Character of Business.** Change the general character of business as conducted at the date hereof, or engage in any type of business not reasonably related to its business as presently and normally conducted, or enter into any merger or consolidation.

E. **Indebtedness.** Incur direct or contingent indebtedness except trade payables in the ordinary course of business."

8. **EVENTS OF DEFAULT.** Section X.D, X.E, X.G, X.H, and X.I of the Agreement are hereby amended in their entirety as follows:

"D. Any judgment against Borrower or any Guarantor or any attachment or other levy against the property of Borrower or any Guarantor with respect to a claim remains unpaid, unstayed on appeal, undischarged, not bonded or not dismissed for a period of 30 days; or"

"E. Borrower or Stag Management dissolves or commences winding up; or"

"G. An Event of Default under any of the Deed of Trust or any other Loan Document;  
or"

"H. Borrower or any Guarantor makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to tribunal for any receiver or any trustee of Borrower or any Guarantor or any substantial part of its property, commences any action relating to Borrower or any Guarantor under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or if there is commenced against Borrower or any Guarantor any such action, or Borrower or any Guarantor by any act indicates its consent to or approval of any trustee for Borrower or any Guarantor or any substantial part of its property, or suffers any such receivership or trustee to continue undischarged; or"

"I. Any material and adverse change in the business or financial condition of Borrower or any Guarantor; or"

9. **EXPENSES.** Borrower agrees to pay all reasonable out-of-pocket expenses of Lender in connection with this First Amendment and the negotiation, administration, enforcement and or collection of the Loan Documents. Borrower also agrees to pay all reasonable attorney's fees and all expenses incurred in recording the documents and securing the Loan, including fees and expenses of the Lender's attorneys in the negotiation and preparation of this First Amendment and the Loan Documents.

10. **WAIVER OF TRIAL BY JURY. BORROWER TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS FIRST AMENDMENT, THE NOTE OR THE OTHER LOAN DOCUMENTS, OR ANY CONDUCT, ACT OR OMISSION OF LENDER OR BORROWER, OR ANY OF ITS DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH LENDER OR BORROWER IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.**

11. **FULL FORCE.** As hereby amended, the Agreement continues in full force and effect in accordance with its terms.

**THIS WRITTEN LOAN AGREEMENT INCLUDING THE WRITTEN LOAN DOCUMENTS REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed as of the date first above written.

BORROWER:


**Stag Point Capital, LP, a Delaware limited partnership**

By: Stag Point Management, LLC, a Delaware limited liability company, its General Partner

By:   
John Herbots, President

LENDER:

**THE BANK OF SAN ANTONIO**

By:   
Robert S. Glenn, Executive Vice President

APPROVED BY GUARANTORS:

  
John Herbots, Individually

  
Lola Herbots, Individually

**“EXHIBIT A-2”**

## SECOND AMENDMENT TO LOAN AGREEMENT

Date: April 15, 2015

Borrower: **Stag Point Capital, LP**, a Delaware limited partnership  
(herein "Stag" or "Borrower")  
Delaware File No. 4111253  
3700 Blanco Road  
San Antonio, Texas 78212

Lender: **THE BANK OF SAN ANTONIO**  
8000 IH 10 West, Suite 1100  
San Antonio, Texas 78230

This Second Amendment to the Loan Agreement ("Second Amendment") is made on the above date by and between Borrower and Lender, and pertains to the Loan. This Second Amendment amends that certain Loan Agreement between Stag and Allied Advertising Agency, Inc. (herein "Allied"), a Texas corporation, and Lender dated December 23, 2013 (the "Agreement") as amended by that certain First Amendment to Loan Agreement between Stag and Lender dated September 12, 2014 (the "First Amendment") and collectively with the Agreement and this Second Amendment and all further renewals, extensions, modifications, or amendments thereto, the "Loan Agreement").

### 1. THE LOAN

1.1. Loan. Lender has agreed to modify, subject to the terms of this Second Amendment and the other Loan Documents of even date herewith, and hereby does modify, the Agreement.

1.2. Allied and Nu Prints, Inc. Guaranty. Pursuant to those certain Guaranties of Debt of even date herewith, Lola Herbots, John Herbots, Allied and Nu Prints, Inc. ("Nu Prints"), a Texas corporation, shall guaranty payment and performance of the Real Estate Note.

1.3. Cross-Default; Cross-Collateralization. A default under this Second Amendment or under any of the other Loan Documents, including, but not limited to, the Loan Documents dated of even date herewith, or the Real Estate Note is a default under the Real Estate Note and each of the other Loan Documents. All collateral secures the entire Loan and any other debt of Borrower or Allied to Lender (except as may be prohibited by law). From and after the date hereof, a default under the Real Estate Note is a default under any lending arrangements between Borrower and/or Allied and Lender and a default under any lending arrangements between Allied and Lender is a default under any lending arrangements between Stag and Lender. Furthermore, any collateral for any loan facility between Stag and Lender shall secure, directly or indirectly, all loan facilities between Allied and Lender and any collateral for any loan facility between Allied and Lender shall secure, directly or indirectly, all loan facilities between Stag and Lender.

1.4. Collateral. The Loan will be secured by the Deed of Trust and the collateral described therein which includes the Property; this collateral may be referred to as the "Collateral." **All Collateral shall be at all times fully satisfactory to Lender; if Lender in its sole discretion determines that any Collateral is not of a quality or nature to the Collateral at the time the Loan is funded, then the Borrower shall, on ten (10) days' written notice from Lender, replace such unacceptable Collateral with Collateral acceptable to Lender.**



1.5. **Capitalized Terms.** Any capitalized term used herein and not otherwise defined has the meaning assigned by the Agreement.

2. **GUARANTIES.** Section IV of the Agreement is hereby restated in its entirety as follows:

"IV. **GUARANTIES.** The Loan will be absolutely and unconditionally guaranteed by the Guaranties of Debt (the "Guaranties") of **John Herbots**, individually, **Lola Herbots**, individually, **Allied** and **Nu Prints** (each a "Guarantor", and collectively, the "Guarantors").

3. **REPRESENTATIONS.** Borrower hereby remakes all representations and warranties set forth in the Agreement, as previously restated in the First Amendment. Notwithstanding the foregoing, Section V.A of the Agreement is hereby restated in its entirety as follows:

"A. **Good Standing.** Stag is a Delaware limited partnership currently existing, in good standing, and duly organized under the laws of the state of Delaware, and has the power to own its property and to carry on its business in each jurisdiction in which it operates, including, but not limited to, Texas. The general partner of Stag, Stag Point Management, LLC, a Delaware limited liability company ("Stag Management"), is a Delaware limited liability company, in good standing, and duly organized under the laws of the state of Delaware, and has the power to own its property and to carry on its business in each jurisdiction in which it operates, including, but not limited to, Texas.

Allied is a Texas corporation currently existing, in good standing, and duly organized under the laws of the state of Texas and has the power to own its property and to carry on its business in each jurisdiction in which it operates.

Nu Prints is a Texas corporation currently existing, in good standing, and duly organized under the laws of the state of Texas and has the power to own its property and to carry on its business in each jurisdiction in which it operates."

4. **FINANCIAL STATEMENTS.** Section VI of the Agreement is hereby restated in its entirety as follows:

"VI. **FINANCIAL STATEMENTS AND OTHER AFFIRMATIVE COVENANTS.** So long as any portion of the Loan is outstanding or Lender has any obligation to fund under the Loan, and thereafter until payment in full of the Loan and Note, and the performance of all other obligations of the Borrower and Guarantors under the Loan:

A. **Accounting System.** Borrower shall maintain a system of accounting satisfactory to Lender and in accordance with generally accepted accounting principles consistently applied, and will permit Lender's officers or authorized representatives to visit and inspect their books of account and other records at such reasonable times and as often as Lender may desire. If such inspection occurs during the continuation of an Event of Default, the Borrower will pay the reasonable fees and disbursements of any accountants or other agents of Lender selected by Lender for the foregoing purposes. Unless written notice of another location is given to Lender, Borrower's books and records will be located at:

Borrower: 3700 Blanco Road  
San Antonio, Texas 78212

B. **Tax Returns.** Annually, within 30 days after filing, Borrower shall, and shall cause each individual Guarantor and Allied to, furnish copies of their current federal income (and if applicable, state franchise) tax return and all schedules and exhibits and K-1s to the Lender, and such returns shall be filed timely (subject to any permitted extensions). If Nu Prints'

tax returns are not consolidated into Allied's tax return, then Borrower shall cause Nu Prints to furnish copies of Nu Prints' current federal income (and if applicable, state franchise) tax return and all schedules and exhibits and K-1s to the Lender within **30 days** after filing, and such returns shall be filed timely (subject to any permitted extensions).

**C. Individual Guarantor's Financial Statements.** Borrower shall cause John Herbots and Lola Herbots to furnish to Lender their respective signed annual updated financial statements, including balance sheet, cash flow, contingent liability statement within **395 days after the date of the then current financial statements on file with Lender**, on such form as Lender may provide or approve.

**D. Annual Compiled Financial Statements.** Borrower shall cause Allied to furnish to Lender its annual updated consolidated and consolidating financial statements within **120 days** after the end of each fiscal year. Allied's fiscal year is the calendar year. **Year-end financial statements shall be compiled by a certified public accountant, reasonably acceptable to Lender.**

**E. Monthly Borrowing Base Certificate.** No later than the **30<sup>th</sup> day** following the end of each calendar month, for the prior month, Borrower shall cause Allied to provide Lender a Borrowing Base Certificate which shall report the items set forth in the Borrowing Base Certificate attached as Exhibit A to that certain Loan Agreement between Allied and Lender dated September 12, 2014, as amended from time to time.

**F. Accounts Receivable Aging; Accounts Payable Aging, and Inventory Summary.** No later than the **30<sup>th</sup> day** following the end of each calendar month, for the prior month, Borrower shall cause Allied to provide Lender with an updated accounts receivable aging report, an updated accounts payable aging report, and an updated inventory listing or summary.

**G. Quarterly Statements.** No later than the **30th day** following the end of each fiscal quarter, including year-end, for the prior quarter, Borrower shall cause Allied to furnish to Lender its internally prepared quarterly updated consolidated financial statements, consistently prepared, including consolidating schedules.

**H. Quarterly Compliance Certificate.** No later than the **30<sup>th</sup> day** following the end of each fiscal quarter, including year-end, for the prior quarter, Borrower shall cause Allied to provide Lender with a compliance certificate reporting compliance with the terms of the Loan Agreement.

**I. Subsidiary Financial Information.** To the extent not already consolidated in Allied's financial statements, Nu Prints' and any other subsidiary of Allied's financial information shall be included in Allied's financial information on a consolidated and consolidating basis.

**J. Other Information.** Borrower shall promptly provide Lender with such additional information, reports or statements respecting its respective business operations and financial condition as Lender may reasonably request from time to time.

**K. Insurance.** Borrower shall maintain insurance with responsible insurance companies on the Collateral, as may be customary in the industry, and on their businesses and assets generally, in such amounts and against such risks as is customarily maintained by similar businesses operating in the same vicinity, specifically to include a policy of fire and extended coverage insurance covering all assets and liability insurance, all to be with such companies and in such amounts reasonably satisfactory to Lender. Evidence of such current insurance will be promptly supplied to Lender, with mortgagee clauses in favor of Lender.

L. **Existence and Compliance.** Stag, Stag Management, Allied and Nu Prints shall maintain their respective existence in Delaware or Texas, as applicable, in good standing, and comply with all laws, regulations and governmental requirements applicable to it or to any of its property, business operations and transactions, and maintain its authorization to do business in each other state in which it operates, including, but not limited to, Texas.

M. **Adverse Conditions or Events.** Borrower shall promptly advise Lender in writing of any condition, event or act which comes to its attention that would or might materially and adversely affect Borrower or any Guarantor's financial condition, Lender's rights in or to the Collateral under this Agreement or the other Loan Documents, and of any litigation filed against Borrower or any Guarantor.

N. **Taxes.** Borrower shall pay all taxes as the same become due and payable.

O. **Maintenance.** Borrower shall maintain all of their tangible property, including all Collateral, in good condition and repair and make all necessary replacements thereof, and preserve and maintain all licenses, privileges, franchise, certificates and the like necessary for the operation of its business."

5. **EVENTS OF DEFAULT.** Section X.E of the Agreement is hereby amended in its entirety as follows:

"E. Borrower, Stag Management, Allied or Nu Prints dissolves or commences winding up; or"

6. **EXPENSES.** Borrower agrees to pay all reasonable out-of-pocket expenses of Lender in connection with this Second Amendment and the negotiation, administration, enforcement and or collection of the Loan Documents. Borrower also agrees to pay all reasonable attorney's fees and all expenses incurred in recording the documents and securing the Loan, including fees and expenses of the Lender's attorneys in the negotiation and preparation of this Second Amendment and the Loan Documents.

7. **WAIVER OF TRIAL BY JURY. BORROWER TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS SECOND AMENDMENT, THE NOTE OR THE OTHER LOAN DOCUMENTS, OR ANY CONDUCT, ACT OR OMISSION OF LENDER OR BORROWER, OR ANY OF ITS DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH LENDER OR BORROWER IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.**

8. **FULL FORCE.** As hereby amended, the Agreement continues in full force and effect in accordance with its terms.

**THIS WRITTEN LOAN AGREEMENT INCLUDING THE WRITTEN LOAN DOCUMENTS REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed as of the date first above written.

BORROWER:

**Stag Point Capital, LP**, a Delaware limited partnership

By: Stag Point Management, LLC, a Delaware limited liability company, its General Partner

By:   
John Herbots, President

APPROVED BY GUARANTORS:

  
John Herbots, Individually

  
Lola Herbots, Individually

**Allied Advertising Agency, Inc.**, a Texas Corporation

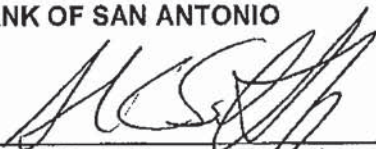
By:   
John Herbots, President

**Nu Prints, Inc.**, a Texas corporation

By:   
John Herbots, President

LENDER:

**THE BANK OF SAN ANTONIO**

By:   
~~Robert S. Glenn, Executive Vice~~  
President Alan Smith

**“EXHIBIT A-3”**

## REAL ESTATE LIEN NOTE

Date: December 23, 2013

Borrower: Stag Point Capital, LP, a Delaware limited partnership

Borrower's Address: 3700 Blanco Road  
San Antonio, Bexar County, Texas 78212

Lender: The Bank of San Antonio

Lender's Address/Place for Payment: 8000 IH-10 West, Suite 1100  
San Antonio, Bexar County, Texas 78230

Principal Amount: \$760,000.00

Final Scheduled Payment Date: January 5, 2024

1. **Interest Rates:**

*Contract Interest Rate* on Unpaid and Unmatured Principal: 5.00% (subject to adjustment as set forth below)

*Default Interest Rate* on Matured, Unpaid Amounts:

The lesser of [i] 18% per annum or [ii] the Highest Lawful Rate.

Limitation on Interest Rate:

In no event shall the Contract Interest Rate or the Default Interest Rate borne by this Note exceed the Highest Lawful Rate; the Highest Lawful Rate is the maximum rate permitted by applicable federal or state law (in the event the Lender is relying on ceilings under Texas law, the weekly ceiling rate shall apply).

Calculation Methods:

Interest at the Contract Interest Rate shall be computed on the basis of a 360-day year for the actual days elapsed; interest at the Default Interest Rate and the Highest Lawful Rate will be computed on the basis of the 365 or 366 day year for the actual days elapsed.

Adjustment of Contract Interest Rate. On January 5, 2019 (the "Adjustment Date"), the Contract Interest Rate for this Note will be re-set and fixed to a per annum daily floating interest rate equal to the FHLB Dallas 5-6 Year Bullet Standard Advance Rate plus 250 basis points (2.50%) (the "Adjustment Rate") until the Final Scheduled Payment Date. At no time will the Adjustment Rate be less than 5.00% (the Floor Rate) nor exceed the lesser of 7.50% or the Highest Lawful Rate. If the FHLB Dallas 5-6 Year Bullet Standard Advance Rate becomes unavailable during the term of this Note, Lender will designate a comparable substitute index with notice to Borrower.

2. **Terms of Payment.**

Principal and interest shall be due and payable in equal monthly installments composed of principal and interest on this Note of \$6,049.09. The monthly installments are due and payable beginning on February 5, 2014, and on the 5th day of each month thereafter through the Adjustment Date. These monthly payments of principal and interest are based on a 15-year amortization ending January 5, 2029.

On the Adjustment Date, the Lender will recompute the monthly payment amount of principal and interest due under this Note to the adjusted Contract Interest Rate as fixed on said Adjustment Date over a period of time ending January 5, 2029. Such new monthly installment amounts will be effective beginning the following February 5th after the Adjustment Date and continuing each month thereafter until the Final Scheduled Payment Date or the earlier maturity of this Note. Nothing in this computation or re-computation shall extend the maturity of this Note beyond the Final Scheduled Payment Date.

Lender will notify the Borrower of the monthly payment amount after the Adjustment Date. Payments will continue to be due on 5th day of each month thereafter until the Final Scheduled Payment Date.

Unless this Note is earlier matured, all outstanding principal, together with all accrued, earned, and unpaid interest shall be due and payable on the **Final Scheduled Payment Date** when this Note (if not earlier matured) shall mature. Interest shall be calculated on the unpaid principal to the date of each installment paid, and the payment made credited first to the discharge of accrued interest and then the balance to the reduction of principal unless otherwise provided by a billing statement issued by Lender (and payments next made following issuance of a billing statement by Lender shall be applied in accordance with the billing statement). Prepayments shall not relieve Borrower of making scheduled payment hereunder as due.

The Borrower and the Lender are parties to a loan agreement of even date herewith related to this Note (to include any renewals, extensions or modifications of such loan agreement, the "**Loan Agreement**").

3. **Prepayment.** This Note may be prepaid in whole or in part and from time to time, without penalty or charge therefor; the prepayment will be applied to the last maturing principal and will not affect any scheduled installment payment (until this Note has been paid in full).
4. **Automatic Payment.** The Borrower has elected, and hereby elects, to authorize Lender to effect payment of sums due under this Note by means of debiting the Borrower's account with Lender that is identified by account number 24075. The Borrower's authorization to debit such account shall not affect the Borrower's obligation to pay such sums when due, without notice, if there are insufficient funds in such account to pay such sums in full on the due date thereof, nor shall Borrower be relieved of any obligation to pay such sums immediately upon demand, if Lender fails to debit such account.
5. **Security for Payment.** This Note is secured by a Deed of Trust of even date herewith executed by Borrower for the benefit of Lender (together with all renewals, extensions or modifications, collectively, the "**Deed of Trust**") creating a first and prior lien on real property in Bexar County, Texas, described as follows:

Lots 35, 36, 37, 53, 54, and 55, Block 18, New City Block 9221, San Pedro Place Second Unit, in the City of San Antonio, Bexar County, TX, according to plat thereof recorded in Volume 2222, Page 236, Deed and Plat Records of Bexar County, Texas, Save and Except that portion granted to the City of San Antonio, recorded in Volume 15902, Page 315, Real Property Records of Bexar County, Texas (collectively with all other real and personal property secured by the Deed of Trust, the "Collateral"). Other security may exist for this Note. The Deed of Trust and any other documents between Borrower and Lender pertaining to this Note may be referred to as the "Loan Documents."

If under other security agreements signed by the Borrower in favor of Lender, the Borrower has granted a security interest in collateral that may not lawfully secure this Note, then such collateral shall be considered not to secure this Note.

6. **Promise to Pay.** FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender at the place for payment and according to the terms of payment the Principal Amount (or so much thereof as may be advanced hereunder) plus interest at the rates stated above on outstanding and unpaid principal from the date funded or advanced hereunder until repaid. All unpaid amounts shall be due by the Final Scheduled Payment Date. Interest on matured, unpaid amounts will accrue at the Default Interest Rate. Interest shall not be charged on accrued and past due interest hereunder if prohibited by applicable law.
7. **Late Charge.** Subject to statutory and contractual provisions limiting the rate and amount of interest Lender may charge, collect or receive, in the event any monthly payments shall become overdue for a period in excess of ten (10) days, a one-time late charge of five (5%) percent of the periodic installment payment may be charged by the Lender hereof for the purpose of defraying the expense incident to the handling of such delinquent payments. Any late acceptance or waiver of payment of any installment or waiver by Lender of default in any obligation or covenant of Borrower in any Loan Document shall not operate as a waiver of any other or subsequent installments or other covenants or obligations. THIS LATE CHARGE DOES NOT APPLY TO THE FINAL SCHEDULED PAYMENT UNDER THIS NOTE.
8. **Default.** Upon or following any default in the payment of this Note or any installment hereof unless cured within 10 days after written notice is given by Lender to Borrower, or upon or following any other Event of Default under the Loan Agreement subject to any applicable cure period provided therein, all outstanding principal and accrued, earned and unpaid interest under this Note and all obligations (other than the unearned portion thereof, if any) in all Loan Documents shall become immediately due and payable at the election of Lender.
9. **Waivers.** Except as provided above, unless (and then to the extent not) prohibited by applicable law, Borrower, and each surety, endorser, guarantor and other person liable or to become liable for payment of this Note:
  - (i) waives: opportunity to cure breach or default; grace; all notices, demands and presentments for payment; all notices of dishonor, non-payment, acceleration of maturity, intention to accelerate maturity; protest; dishonor; all other notices whatsoever; and, diligence in taking any action to collect amounts hereunder or in the handling of any collateral securing this Note at any time; and,



- (ii) consents and agrees (without notice of any of the following): to any substitution, subordination, exchange or release of any security for this Note or the release of any party primarily or secondarily liable hereon; that the Lender shall not be required first to institute suit or exhaust its remedies hereon against the Borrower or others liable or to become liable hereon or to enforce its rights against them or any security hereof; and, to any extension, renewal, rearrangement, or postponement of time or manner of payment of this Note and to any other indulgence with respect hereto.
10. **Attorney Fees.** If this Note or any Loan Document is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Borrower shall pay Lender reasonable attorney's fees in addition to other amounts due.
11. **Compliance With Interest Laws.** Nothing in this Note or any Loan Document shall authorize the collection of interest in excess of the highest rate allowed by law. Interest on the debt evidenced by this Note or any Loan Document will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal amount or, if the principal amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the principal amount or, if the principal amount has been paid, refunded. Interest on this Note and any Loan Document shall be prorated and spread over the entire term this indebtedness is outstanding. This provision overrides any conflicting provisions in this Note and any Loan Document concerning the debt.
12. **Applicable Law.** This Note shall be governed by, and construed in accordance with, the internal laws of the State of Texas, and particularly, Title 4, Subtitle A of the Finance Code as applicable to commercial loans, subject, however, to the effect of applicable federal law. To the maximum lawful extent, the parties intend to exclude Subtitle B, and particularly Chapter 346, of the Finance Code, as amended, such provisions and chapters dealing primarily with consumer lending. Unless changed in accordance with law, the applicable rate ceiling under Texas law shall be the ceiling rate specified in this Note, or if that rate is no longer available, then the weekly rate ceiling from time to time in effect as provided by such acts.
13. **Joint and Several Liability.** Each Borrower is responsible for the entire amount of this Note; their obligations hereunder are joint and several.
14. **Miscellaneous.** The terms Borrower and Lender and other nouns and pronouns include the plural if more than one. The terms Borrower and Lender also include their respective heirs, personal representatives, and assigns. The term Lender also includes any subsequent holder or transferee of this Note. Section headings are for reference only and do not enlarge or restrict the text.
15. **Investment Purpose.** This Note is given for Borrower's business or investment purposes, and not for the personal, family, or household use of Borrower.
16. **Not Revolving.** This Note does not represent a revolving credit; principal amounts repaid may not be reborrowed.

17. **Loan Origination Fee.** Upon execution hereof, Borrower shall pay Lender a loan origination fee of \$0.00. All loan fees and other prepaid charges are earned by Lender upon the initial funding of this Note (unless otherwise provided between Borrower and Lender), and are not subject to refund (except as may be required by applicable law).
18. **Dishonored Check Charge.** Borrower will pay a processing fee of \$30.00 if any check given by Borrower to Lender as a payment on this loan is dishonored, unless prohibited by law, or unless Borrower and Lender have separately agreed to a higher amount.
19. **Right of Setoff.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. The Borrower specifically acknowledges that the Lender has a statutory right of set off provided under the Texas Finance Code.
20. **Fee to Waive Violation of Covenant.** Lender reserves the right to assess and collect a fee in connection with any agreement by Lender to waive the violation of any covenant contained in the Note or any other document or agreement signed in connection with the Note or to waive or forego its rights and remedies upon the occurrence of a default. The foregoing statement shall not in any respect obligate the Lender to waive the violation of any covenant or to forego its rights and remedies upon the occurrence of a default, which it may or may not do in its sole discretion.
21. **Severability.** If a court of competent jurisdiction finds any provision of this Note to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Note. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Note shall not affect the legality, validity or enforceability of any other provision of this Note.
22. **Notations on Payments.** Borrower agrees not to send Lender payments marked "paid in full," "without recourse," "under protest," or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender.
23. **Plural; Captions.** All references in this Note to Borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in this Note are inserted for convenience only and shall not affect the meaning or interpretation of this Note.
24. **Advances.** Lender may, in its sole discretion, make other advances which shall be deemed to be advances under this Note, even though the stated principal amount of this Note may be exceeded as a result thereof.

25. **Notice.** Any notices to Borrower shall be sufficient if given in writing and mailed or delivered to the Borrower's address shown above or such other address as is properly provided by Borrower hereunder, or to Lender, if in writing and mailed or delivered to the Lender's address shown above or such other address as Lender may specify in writing from time to time. In the event that Borrower changes Borrower's address at any time prior to the date this Note is paid in full, Borrower agrees to promptly give written notice to Lender of such change of address by registered or certified mail, return receipt requested, postage prepaid.
26. **Imaging and Facsimile.** Borrower and each guarantor of this Note understand and agree that (i) Lender's document retention policy involves the imaging of executed Loan Documents and the destruction of the paper originals, and (ii) Borrower (together with each guarantor of this Note) waives any right that it may have to claim that the imaged copies of the Loan Documents are not originals. All parties agree that any executed facsimile (faxed) copy of this document shall be deemed to be of the same force and effect as the original, manually-executed documents.
27. **Electronic Delivery of Documents.**
- (a) The provisions of this section shall be applicable in the event that Borrower delivers any (i) financial statements of Borrower or any other person ("Financial Statements"), (ii) no default or compliance certificates ("No Default Certificates") or (iii) borrowing base certificates ("Borrowing Base Certificates"), and together with the Financial Statements, the No Default Certificates and any other documents or information regarding Borrower or any other person delivered to Lender pursuant to this Note, collectively, the "Financial Information") in electronic form (by "email").
  - (b) The Financial Information delivered in electronic form shall, for all purposes, be the same as if, and shall have the same validity, force and effect as if, such Financial Information had been delivered in paper or other tangible form. Each item of Financial Information delivered in electronic form shall be deemed to have been originally signed by Borrower for all purposes (including all purposes and interpretations of federal and state law), whether or not there is an electronic name or signature of Borrower thereon, and Borrower waives any right it may have to claim that the electronic documents are not original documents or valid documents.
  - (c) Borrower shall deliver Financial Information to Lender in, and only in, a format that Lender may both retain in its own records (*i.e.* save as a file on its own system) and print. In the event that at any time, under the electronic format then currently used by Lender, Lender is unable to save or print Financial Information delivered in electronic form, Borrower shall no longer be permitted to deliver Financial Information in electronic form.
  - (d) This section constitutes an agreement between the parties to conduct transactions by electronic means pursuant the Texas Uniform Electronic Transactions Act, Chapter 322, Texas Business & Commerce Code (the "Act"), and the provisions of the Act shall be applicable to the delivery of Financial Information by Borrower to Lender in electronic form.
28. **WAIVER OF JURY TRIAL.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER BY EXECUTION HEREOF AND LENDER BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR

ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, THE OTHER LOAN DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ACCEPT THIS NOTE.

29. BALLOON PAYMENT. THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU (THE BORROWER) MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE BANK (THE LENDER) IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE BANK YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME BANK.

Stag Point Capital, LP, a Delaware limited partnership

By: Stag Point Management, LLC, a Delaware Limited liability company

By:   
John Herbots, President